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DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Draft	Department of Labor Management Section of the '03 Budget Document	3	N.D.	P5;
002	Memorandum	Policy Time - Economic - To: POTUS - From: Lawrence B. Lindsey	2	04/12/2002	P5;
003	Memorandum	Health Insurance Options in Trade Legislation - To: POTUS - From: Mark McClellan	3	04/11/2002	P5;
004	Agenda	Meeting with Members of Congress on Trade Promotion Authority - To: POTUS - From: Nicholas Calio	2	07/18/2002	P5;
005	Memorandum	Higher Education Policy Recommendations - To: POTUS - From: Scott Walter	5	09/21/2006	P5;
006	Memorandum	Legislative status of your American Competitiveness Initiative - To: POTUS - From: Karl Zinsmeister and John H. Marburger III	1	10/12/2006	P5;

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HIGHER EDUCATION AND JOB TRAINING

A TIMELINE (2001–2008)

DOMESTIC POLICY COUNCIL

THE WHITE HOUSE

WASHINGTON

December 12, 2008

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: KARL ZINSMEISTER

FROM: JOHN BAILEY

SUBJECT: HIGHER EDUCATION AND JOB TRAINING

President George W. Bush recognizes that for the United States to remain a prosperous and hopeful world leader, we must produce well-educated and well-trained citizens who are prepared to compete for the high-demand jobs of the 21st century.

To that end, President Bush has pursued reforms to the Nation's higher education and job training systems designed to give all Americans the education and skills needed to succeed. The President's policy agenda has: (1) made college more affordable and accessible; (2) sought to reform higher education to meet the demands of the 21st century; and (3) strived to modernize our job training system.

Making College More Affordable and Accessible

America's colleges and universities have long played an important role in advancing innovation, opportunity, and prosperity throughout our Nation and the world. However, in the 21st century, a college education has become more essential than ever to success in the global economy. It is estimated that 80 percent of the fastest-growing jobs in the United States require some form of higher education, and in today's global economy, the best jobs go to the most skilled and most motivated workers, wherever they are located. As a result, the benefits of higher education have grown increasingly significant and now serve as the gateway to the American Dream. In 2005, the typical full-time, year-round worker in the United States with a four-year college degree earned \$50,900—62 percent more than the \$31,500 earned by a typical high school graduate.

Yet the cost of a college education is beyond the reach of many Americans and continues to increase. To address this growing dilemma, President Bush committed to making college more affordable, especially for low-income students. Throughout his presidency, he has worked to increase both the number and value of Pell Grants and ensure that students have access to Federal student loans, regardless of disruptions in the credit market.

Pell Grants

Pell Grants provide need-based aid to help low-income students meet the costs of a higher education. Under President Bush, funding for Pell Grants has more than doubled from \$8.8 billion to \$19 billion, and the maximum Pell award has increased from \$3,750 in 2001 to \$4,731 in 2008. Further, in February 2006, President Bush signed into law Academic Competitiveness Grants (ACG) and National Science and Mathematics Access to Retain Talent (National SMART) Grants, two new programs that offer additional rewards to Pell-eligible students who complete more challenging high school coursework and pursue a college major in a high-demand subject, such as science, math, technology, engineering, or a critical foreign language. During the first year of these programs alone, 360,000 students were awarded more than \$400 million to pursue degrees in these critical fields.

President Bush's commitment to increasing Pell Grants helped more than 5.5 million students attend college in the 2008-09 school year—nearly 1.2 million more than in 2001-02—and helped expand the proportion of high school graduates enrolled in college from 63 percent in 2001 to 67 percent in 2007. President Bush has also ensured these increases continue into the future. In September 2007, President Bush signed the College Cost Reduction and Access Act, which pledges to increase maximum grant awards to \$5,400 by 2012.

Response to the Credit Market Crisis

President Bush's commitment to helping America's students afford college has been exemplified by his Administration's response to the 2008 credit crisis. During the spring of 2008, tightening of the credit markets threatened the availability of student loans for the 2008-09 school year. In response, the Administration urged Congress to pass the Ensuring Continued Access to Student Loans Act (ECASLA), which authorizes the Secretary of Education to purchase Federal Family Education Loans (FFEL) loans. The President signed the law in May 2008, and the Department of Education used its existing authority and its new authority under the law to develop a plan to ensure that students have the Federal aid they need to start the school year by providing short-term liquidity to lenders through loan purchasing agreements and by strengthening the Department of Education's Lender-of-Last-Resort and Direct Loan programs.

The Administration's plan has been effective. Lenders have relied heavily on the Administration's new programs, and not one qualified student has been denied a Federal student loan during the 2008-09 school year.

As the credit market continued to struggle, the Administration once again took the necessary, prudent steps to ensure that students would continue to have uninterrupted access to Federal loans, while protecting taxpayers. In October 2008, President signed a one-year extension of ECASLA. Just a month later, the Department of Education announced that it would take three additional steps to ensure students had access to Federal student loans for the second semester of the 2008-09 school year and for the 2009-10 school year: (1) replicate in the 2009-10 school year the loan purchasing agreements that were successful for the 2008-09 school year; (2) provide liquidity support to one or more Asset-Based Commercial Paper conduits; and (3) create a short-

term program to purchase 2007-08 school year loans. As of this writing, the Administration continues to work diligently to implement these three steps.

Reforming Higher Education for the 21st Century

The realities of an increasingly competitive global economy convinced President Bush that making higher education more affordable would not be enough to adequately prepare the U.S. and its students. American colleges and universities also had to provide our students with the high-quality education required for the 21st century.

In 2005, Secretary Spellings created a Commission on the Future of Higher Education ("Spellings Commission") charged with developing a comprehensive national strategy for postsecondary education that would meet the academic needs of America's diverse population and the economic needs of the Nation's future.

The Commission, which included university presidents, CEOs, policymakers, and researchers, revealed a brutal truth: the American higher education system was ill-prepared for the challenges of preparing an increasingly diverse population for an increasingly competitive global economy. The Commission found: "American higher education has become what, in the business world, would be called a mature enterprise: increasingly risk averse, at times self-satisfied, and unduly expensive. It is an enterprise that has yet to address the fundamental issues of how academic programs and institutions must be transformed to serve the changing educational needs of a knowledge economy. It has yet to successfully confront the impact of globalization, rapidly evolving technologies, an increasingly diverse and aging population, and an evolving marketplace characterized by new needs and new paradigms."

The Commission initiated a national dialogue on how to address these urgent weaknesses, and in July 2006, the Commission issued its final report with the following recommendations:

- Expand college participation and success by better aligning K-12 and higher education systems, in particular the expectations for high school students.
- Call for cost-cutting and productivity improvements in postsecondary institutions by lowering per-student educational costs, reducing barriers for student transfers, and supporting new technologies.
- Restructure the Federal financial aid system by consolidating programs, streamlining processes, and creating a simplified Federal financial aid form.
- Explore accountability mechanisms for postsecondary institutions that measure educational quality.
- Promote more transparency from postsecondary institutions about cost, price, and student achievement.

Upon receiving the Commission's recommendations, the Secretary launched a process to determine the most appropriate response. Two months later, the Secretary announced an action plan for making higher education more accessible, more affordable, and more accountable through a series of targeted reforms that adopted some, although not all, of the Spellings Commission's recommendations. The action plan included encouraging cost control and affordability by simplifying the financial aid process and supporting organizations that report

data on college costs; strengthening K-12 education and better aligning high school academic standards with college expectations; and promoting quality and accountability among colleges and universities by strengthening incentives for States and institutions to collect outcome data on student achievement and reforming the higher education accreditation.

Over the two years since the action plan was announced, the Administration has made progress toward accomplishing several of these proposals. First, as described above, the Administration has continued to promote affordability by nearly doubling its support for Pell Grants. The Administration has encouraged high school students to take a more rigorous course load through ACG and National SMART grants and promoting the NCLB reauthorization proposal that included a number of reforms to strengthen high schools. The Department also launched "FAFSA4caster" in 2007, which instantly calculates the federal financial aid that a student is likely to be eligible to receive, allowing families to prepare and plan for college. The Department redesigned this website to make it easier for families to compare information about colleges and universities. The redesigned site was named by Money magazine as "the best first screen" for researching colleges as well as "one of the simplest to use," providing "the latest data on expenses, aid, enrollment, admission and graduation rates."

In addition, the Administration has sought ways to promote accountability among institutions of higher education. For example, the Department of Education proposed financial incentives to help more States develop privacy-protected information systems that would provide families with better access information about colleges (especially enrollment and graduation data) and awarded \$2.45 million in grants to help schools develop methods of measuring student achievement. Going forward, these projects have the potential to provide parents and students with the data they need to make a more informed decision about where a particular student should go to college.

The Congress also reauthorized the Higher Education Act in 2008, after four years of deliberation, which further advanced several elements of the Department's action plan. The legislation requires greater disclosure of tuition and other costs of attending college; requires the Department to simplify the Federal student aid application form; and authorizes Pell grants on a year-round basis to enable students to accelerate their educations. However, while the legislations included some helpful provisions, it also included a number that were extremely problematic. The Administration opposed many aspects of the legislation including the authorization of 60 new programs, many of which are narrow in purpose, duplicative, burdensome, and poorly targeted; the prohibition of the Department from regulating institutional accreditation; and conditioning receipt of funds from one grant program on tuition price increases.

Strengthening and Modernizing Job Training

The high-growth, high-paying jobs of the 21st century place a premium on human capital, and millions of Americans choose to upgrade their skills outside of the traditional, four-year higher education system. Short-term training programs offered by or subsidized by Federal, State, and local governments can be great resources for workers between jobs or for workers looking to advance within their current jobs. However, workers seeking to expand their skill sets are faced

with a patchwork of confusing programs, some of which have not changed in decades, despite radical changes in industries and occupations. In addition, the Federal government provides State and local governments over \$4 billion through the Workforce Investment Act (WIA) every year, but only about 200,000 adults are trained through these programs.

Concerned about these inefficiencies and the threats they pose to the American worker and workforce, President Bush has highlighted the following four significant problems with the current job training system:

- **Bureaucracy:** Although many good people work in the job training system, the programs in place to train workers are overlapping and sometimes ineffective.
- **Complexity:** Job training programs have so many complicated rules that many workers, employers, and community colleges do not participate.
- **Lack of accountability:** Currently, there is no clear standard or benchmark to measure the effectiveness of Federal job training programs.
- **Failure to teach skills in demand:** Many job training programs do not address the skills that are in most demand from a community's employers.

Job Training Reform Agenda

On January 6, 2003 the President announced a package of reforms to help unemployed Americans. Under the program, States would be given \$3.6 billion to create Personal Reemployment Accounts (PRA) for workers who had nearly exhausted their unemployment benefits. Individuals would receive \$3,000 in their accounts to pay for job training and other services needed to secure a job, such as child care or transportation. As an incentive, recipients would be able to keep the balance of their accounts if they became reemployed within 13 weeks.

Congressional support for the President's proposal was tepid at best as members favored extending unemployment benefits rather than pursuing a new program. As a result, in September 2004, the Department of Labor launched a PRA pilot demonstration in Florida, Hawaii, Idaho, Minnesota, Mississippi, Montana, Texas, and West Virginia. Initial evaluations of these projects have shown that the majority of eligible participants accepted the accounts and most individuals restricted spending on services in order to maximize the reemployment bonus. In the quarter following PRA entry, roughly half of all PRA recipients were employed. About 60 percent of PRA-recipients who earn the first employment bonus also earn the second job retention bonus.

On Labor Day, 2003, President Bush highlighted his Administration's efforts to prepare America's workers to take advantage of job opportunities in the fastest-growing sectors of the economy through the President's High-Growth Job Training Initiative. The initiative created partnerships between workforce investment system, educational institutions, and employers in high-growth fields such as health care, information technology, and advanced manufacturing. As of 2007, the Department of Labor had awarded \$288 million for 156 projects.

In his 2004 State of the Union Address, President Bush announced *Jobs for the 21st Century*, a comprehensive plan to better prepare workers for jobs in the new millennium by strengthening post-secondary education and job training, which included \$250 million to fund partnerships

between community colleges and employers in high-demand job sectors. President Bush turned to community colleges because he knew that these institutions can be the center of hope for many communities. Community colleges have a long history of responding rapidly to employer needs while delivering flexible education options for individuals at all stages of life. Since 2004, the Department of Labor has awarded a total of \$325 million in Community-Based Job Training grants to 211 community college partnerships to support workforce training for high-growth industries, such as healthcare, construction, advanced manufacturing, and energy. In addition, on May 11, 2006, President Bush further demonstrated his commitment to community colleges by becoming the first sitting President to give the commencement address at a community college when he addressed the graduating class of Mississippi Gulf Coast Community College.

Also in April 2004, the Administration announced a comprehensive job training agenda. Under the Administration's WIA reform proposal, the Federal government's annual \$4 billion investment in State job training programs would be consolidated into block grants. Rather than getting separate money through four different training and grant programs, each with different requirements multiplying overhead costs, Governors would get the same amount of money, but in several large blocks. In exchange for this flexibility to design training programs to match the specific needs of their State, State workforce agencies would have to limit overhead costs to ensure more money was available for training, give workers more choices about their job training by increasing the use of personal job training accounts called Innovation Training Accounts (ITAs), and report on the results of their State's job training efforts.

The Administration predicted that, as a result of these changes, States would be able to double the number of workers receiving training without any new Federal funding. In addition, for the first time, States would be held accountable for results measured by three critical questions: Did a worker get a job? How long did the worker keep the job? And how much is the worker being paid?

Governors were supportive of these reforms, but too many members of Congress objected to any realignment of the formula that could result in their district or State receiving fewer training dollars and generally resisted fundamentally changing these programs. As a result, Congress failed to act on these proposals.

In 2006, as part of the Workforce Training component of the President's American Competitiveness Initiative, the Administration proposed two new programs designed to provide American workers with the education, training, and retraining needed to help the U.S. compete in the new global economy.

First, in his 2006 State of the Union Address, the President proposed Career Advancement Accounts (CAA), which were self-managed accounts that would place up to \$6,000 over two years directly in the hands of workers to pay for training or education costs, but without the reemployment bonuses that were part of PRAs. However, CAAs, like the PRAs and ITAs proposed before them, were not authorized by Congress. Therefore, on October 26, 2006, the Department of Labor launched a demonstration projects through which displaced and current workers in eight States would be eligible for up to \$6,000 over two years to choose the training that best suited their individual needs.

Next, the Department of Labor launched the Workforce Innovation in Regional Economic Development (WIRED) initiative. The initiative's groundbreaking approach sought to integrate workforce development with economic development and to demonstrate that a trained workforce can generate economic development and job creation in a region. Today, the WIRED initiative operates in 39 regional economies in 31 States and Puerto Rico. In total, DOL has invested \$326.3 million in WIRED through FY 2007 and has leveraged over \$483 million in additional investments from 10 Federal agency partners, State universities, land grant colleges, private sector partners, foundations, and States to support innovative approaches to education and workforce development.

Trade Adjustment Assistance

The President has also taken a special interest in providing targeted assistance to workers who were dislocated as a result of free trade. In 2002, President Bush signed into law an extension of Trade Promotion Authority (TPA), which enabled the President to send trade agreements to Congress for a vote without amendments. This bill also included an expanded Trade Adjustment Assistance (TAA) program to provide training, a tax credit to help provide health care, and other assistance to workers dislocated by increased imports or a shift of production to certain foreign countries.

In 2007, before the 2002 program's authorization lapsed the Department of Labor announced a plan to reform and strengthen TAA that included:

- *Wage subsidies.* At present, trade-affected workers age 50 or older who end up in a new job earning \$50,000 or less are eligible for wages supplements of up to \$10,000 over two years. DOL proposed to eliminate the age limit, retain the maximum supplement, and drop the qualifying income level to about \$16,000 to target the neediest workers.
- *Transitional Benefits.* Give workers the option of working full- or part-time while they enter training.
- *New Economy Scholarships.* TAA-eligible workers would get portable accounts, "New Economy Scholarships," usable for education or training. The accounts would be worth up to \$4,000 per year, versus the current annual training cost per worker of \$3,060, and the accounts could be used much more flexibly.
- *Training Grants.* Funds to community colleges for curriculum development and temporary capacity expansion.
- *Pre-Layoff Training.* Give trade-affected workers access to training prior to a trade-impacted layoff as well as after.

However, Congress ignored these reforms, and, instead, the House passed a bill that would have expanded TAA to service workers, doubled the amount of funding for training, allowed workers in an entire industry to be certified for eligibility, and provided a \$7 billion incentive fund for States to expand their unemployment insurance programs. The industry certification was particularly troublesome as it failed to distinguish between layoffs related to trade and those lost due to other domestic occurrences. As a result, workers would have become eligible for TAA benefits even if they did not lose their job due to a trade event.

The Administration expressed strong opposition to these expansions because they were not coupled with any reforms. In fact, several of the provisions would have had the perverse effect of making workers eligible for TAA even if they weren't adversely impacted by trade.

In 2008, the Administration began weekly meetings with Senate staff to negotiate a bipartisan TAA reauthorization bill. The proposal would have extended TAA eligibility to service workers, lowered the wage insurance age limit from 50 to 40 and raised the maximum earnings level from \$50,000 to \$60,000, doubled the amount of funding available for training, and provided additional support for communities adversely affected by trade. These negotiations were held against the backdrop of the Administration's efforts to pass free trade agreements with Colombia, Korea, and Panama, and Congressional Democrats insisted that TAA be reauthorized prior to a vote on any of these. As a result, the Senate compromise bill was never introduced once it became clear in July 2008 that the Democrats would not advance any of these free trade agreements.

Conclusion

President Bush and his Administration have helped make the American Dream a reality for many of our citizens and helped ensure that the U.S. workforce remains one of the most productive in the world. Under the President's leadership, the Federal government has helped more Americans than ever before attend college, and the Department of Education has made great strides toward reforming the higher education system for the 21st century. The President also worked hard to reform the U.S. job training system. Unfortunately, Congress was unwilling to pursue the fundamental reforms proposed by the President and, instead, merely increased the funding of and expanded eligibility for the existing patchwork system of job training programs. As a result, the Department of Labor was forced to resort to pilot programs and discretionary funds to help advance the President's reforms. We are hopeful that the demonstrated potential of these programs to help workers will convince a future Administration to give them a try.

Chronology of Events

January 22, 2001 Memo to the President briefing him in preparation for a meeting with Democratic Leaders, including William Grey, President of the United Negro College Fund, and preparing the President to discuss two proposals: (1) to increase funding for HBCUs to \$320 million over 5 years; and (2) to fully fund the Pell Grant program for first-year students by increasing the maximum grant to \$5100.

MEMO TO THE PRESIDENT

June 7, 2001 The President signs the Economic Growth and Tax Relief Reconciliation Act of 2001 that increases and expands Coverdell education savings accounts, which are tax-exempt trusts created for the purpose of paying qualified education expenses. The changes to the tax code increase the annual contributions limit from \$500 to \$2000 and increases the income phase-out range.

<http://www.ed.gov/news/pressreleases/2002/04/04152002.html>

June 20, 2001 The President speaks at the Summit on the 21st Century Workforce and establishes by executive order an Office of the 21st Century Workforce within the Department of Labor to identify new challenges and new opportunities for American workers. The executive order also creates a presidential council to advise the Administration on labor issues.

<http://www.whitehouse.gov/news/releases/2001/06/20010620-1.html>

Also at the Summit, the Secretaries of Education and Labor sign a memorandum of understanding in which the two agencies agree to work together to develop and promote education opportunities for adults who are using Labor Department programs to prepare for the 21st century workforce. For example, the Education and Labor Departments will work together to assess the reading and math needs of local labor markets and to establish a referral program for workers in need of such skills.

<http://www.ed.gov/news/pressreleases/2001/06/06202001.html>

July 6, 2001 The Department of Education's Office of Student Financial Assistance (SFA) implements an electronic signature option, which allows student borrowers to "sign" for their loan online using a Personal Identification Number (PIN), rather than having to sign a signature page by hand and send it to the Department through the mail.

<http://www.ed.gov/news/pressreleases/2001/07/07062001.html>

- October 5, 2001 Secretary Paige announces that a record number of students were awarded some form of Federal aid to attend college or receive career training during FY 2001. In total, more than 8 million students received more than \$47.2 billion in Federal grants, loans, and campus-based funding. Nearly half of these 8 million received Federal Pell grants, which are directed toward the neediest students.
- <http://www.ed.gov/news/pressreleases/2001/10/10052001k.html>
- January 9, 2002 Memo to the President preparing him for a meeting with Secretary Chao to discuss issues of importance to the Department of Labor. The memo notes that the Department of Labor will work actively toward passage of Trade Adjustment Assistance in the Senate.
- MEMO TO THE PRESIDENT
- January 21, 2002 The President's FY 2003 budget request includes more than \$350 million for programs that will strengthen Historically Black Colleges and Universities (HBCUs), Historically Black Graduate Institutions (HBGIs), and Hispanic-Serving Institutions (HSIs)—an increase of more than \$12 million over current funding. In addition, President Bush pledges to increase funding for these institutions by 30 percent between 2001 and 2005.
- <http://www.ed.gov/news/pressreleases/2002/01/01212002.html>
- February 5, 2002 President Bush names 21 individuals to serve on the President's Advisory Board on Historically Black Colleges and Universities. The members of the board will advise the Secretary on the progress in closing the achievement gap; issue an annual report to the President on the participation of HBCUs in Federal programs; and recommend ways to increase both the Federal role and the private sector role in strengthening HBCUs.
- <http://www.ed.gov/news/pressreleases/2002/02/02052002.html>
- February 12, 2002 President Bush signs executive order 13256 to strengthen the Nation's HBCUs. The executive order establishes the President's Board of Advisors, the members of which were named on February 2, and transfers the White House Initiative on Historically Black Colleges and Universities to the Office of the Secretary in the Department of Education. It also calls on Federal agencies to identify and implement programs that will support HBCUs.
- <http://www.ed.gov/news/pressreleases/2002/02/02122002.html>

February 15, 2002 The National Center for Education Statistics (NCES) releases a report that shows that the increases in college tuition (what the student and family pay) and the costs (what the institution spends) are related in only limited ways and that a number of other factors have contributed to tuition increases at both public and private universities.

<http://www.ed.gov/news/pressreleases/2002/02/02152002.html>

April 12, 2002 Memo to the President requesting his guidance on helping Senate moderates develop a health insurance assistance proposal for the Trade Adjustment Assistance (TAA) bill. The President's advisors recommend helping moderates develop a proposal like a health insurance credit, which would allow TAA workers to choose the coverage that is best for them and would phase out with income.

MEMO TO THE PRESIDENT

May 2, 2002 The President's FY 2003 budget requests seeks to make college more affordable for American families. His proposal would increase the number of students receiving Federal grants by one million and increase the maximum grant to \$4,000—a 21 percent increase since 2001. The proposal would also provide loan forgiveness to highly-qualified math, science, and special education teachers serving in high-need areas.

<http://www.ed.gov/news/pressreleases/2002/05/05022002a.html>

May 16, 2002 Memo to the President forwarding for his consideration a proposed executive order from the Department of Education reestablishing the Board of Advisors on Tribal Universities and the White House Initiative on Tribal Colleges and Universities. The executive order would require the board to provide recommendations to the Federal government and tribal colleges on how to improve financial management and security, implement the No Child Left Behind Act, and improve educational attainment standards.

MEMO TO THE PRESIDENT

July 3, 2002 The President issues an executive order authorizing the President's Board of Advisors on Tribal Colleges and Universities.

<http://www.ed.gov/news/pressreleases/2002/07/07032002a.html>

July 11, 2002 Secretary Paige establishes the Secretary's Commission on Opportunity in Athletics. The Commission's purpose is to collect information, analyze issues, and obtain public input on the current application of Title IX—the

Federal law requiring equal opportunity for men and women to participate in athletics. Based on this information collection, the Commission will produce a written report recommending if and how Federal standards should be revised and what other steps should be taken to improve the effectiveness of Title IX.

<http://www.ed.gov/about/bdscomm/list/athletics/about.html>

July 18, 2002

Memo to the President preparing him for a meeting during which he will urge congressional conferees on the Trade Promotion Authority to finish the conference. The memo emphasizes the importance of renewing TAA to ensure that workers displaced by trade have access to the training that can help them transition into more promising fields of work.

MEMO TO THE PRESIDENT

August 6, 2002

The President signs an extension of the Trade Promotion Authority, which includes an expanded Trade Adjustment Assistance (TAA) program that provides assistance to workers dislocated by increased international trade, including training and tax credits for health care.

<http://www.whitehouse.gov/news/releases/2002/08/20020806-4.html>

November 1, 2002

The Department of Education publishes a final regulation that eliminates or alters some of the most burdensome financial aid regulations that made the Federal loan process unnecessarily complicated for students and schools. For example, the new regulation eliminates the "12-hour rule" that restricted financial aid for students in distance education or other non-traditional programs.

<http://www.ed.gov/news/pressreleases/2002/11/11012002.html>

January 7, 2003

As part of his "Economic Growth and Job Creation" plan, President Bush proposes to provide States with \$3.6 billion to create Personal Reemployment Accounts (PRA) for Americans who need help getting back to work. States would use the funds to offer individuals accounts of up to \$3000 to purchase job training or other relevant services that could help them get back to work, such as child care or transportation. Individuals who become reemployed within 13 weeks would be permitted to keep the balance of the cash in the account as a bonus.

<http://www.whitehouse.gov/news/releases/2003/01/20030107.html>

February 1, 2003

President Bush's FY 2004 budget request includes a \$1.9 billion increase for the Pell Grant program. If granted, this request would bring the funding for Pell Grants to a record high of \$12.7 billion. This increased

amount that would allow almost 4.9 million students to receive Pell Grants—nearly one million more than when President Bush came to office in 2001. The request also proposes a 5 percent increase in funding for both HBCUs and the Nation's 34 tribal colleges and universities.

<http://www.ed.gov/news/pressreleases/2003/02/02012003.html>

February 26, 2003

The Commission on Opportunity in Athletics issues its final report that makes a number of recommendations to the Department of Education, including: (1) reaffirm its strong commitment to equal opportunity for men and women in sports; (2) aggressively and uniformly enforce Title IX; and (3) help schools understand that the Department disapproves of cutting teams in order to comply with Title IX.

<http://www.ed.gov/news/pressreleases/2003/02/02262003a.html>

June 13, 2003

The Department of Education partners with the League for Innovation in Community College to create the College and Career Transitions Initiative and establish the first 15 partnerships under the initiative. Each partnership consists of a high school, a community college, and two employers that work together to develop strategies and programs that will help ease the transition between high school and postsecondary education and to improve academic performance at both levels.

<http://www.ed.gov/news/pressreleases/2003/06/06132003.html>

June 23, 2003

In *Grutter v. Bollinger*, the Supreme Court upholds the affirmative action admissions policy of the University of Michigan Law School on the grounds that it is narrowly tailored to the University's "compelling interest in obtaining the educational benefits that flow from a diverse student body."

<http://www.ed.gov/news/pressreleases/2003/06/06232003a.html>

September 1, 2003

The President discusses his Administration's efforts to help workers take advantage of job opportunities in the fastest-growing sectors of the American economy. The President's High-Growth Job Training Initiative, which was launched in 2001, creates partnerships between workforce investment systems, educational institutions, and employers in high-growth fields.

<http://www.doleta.gov/business/PDF/1%20-%20HGJTI%20overview.pdf>

December 8, 2003

Memo to the President recommending that the President launch an education and workforce initiative targeted at the Nation's high schools, colleges, and universities, which would be included in the President's FY

2005 budget request. The initiative would include the following proposals: building capacity for community colleges through Department of Labor programs that expand the capacity of community colleges to train unemployed or dislocated workers; enhancing Pell Grants by tying them to specific results, such as completion of rigorous high school coursework in high-need fields; making college more accessible to historically under-represented groups; and simplifying the student financial aid process.

MEMO TO THE PRESIDENT

January 19, 2004

Memo to the President providing background information for a conversation about community colleges. The memo highlights a number of the Administration's efforts to strengthen community colleges, including: a proposed 21st Century Job Training Program, which would expand the role of community colleges in workforce development by linking them with local workforce systems and employers; Perkins Act reauthorization, which would help community and technical colleges offer career and technical training; and the Workforce Investment Act (WIA), which, if authorized, would provide funding for the Nation's \$10 billion One-Step employment and job training system.

MEMO TO THE PRESIDENT

January 21, 2004

In his 2004 State of the Union Address, President Bush announces *Jobs for the 21st Century*. The comprehensive plan would improve workers' preparation for the jobs of the 21st century by improving high school education, post-secondary education, and job training. The plan would include \$250 million for "Community-based Job Training Grants," new competitive grants that would be used to strengthen partnerships between community colleges and local employers in high-demand job sectors.

<http://www.whitehouse.gov/news/releases/2004/01/20040121.html>

February 2, 2004

The President's FY 2005 budget request proposes increasing Pell Grants by \$856 million to \$12.9 billion. The increase would help an estimated 5.3 million low-income students pay for higher education. The President's request also increases support for institutions with a high proportion of minority students by \$419 million—a 4.7 percent increase. In addition, the President's request includes a number of proposals for the approaching reauthorization of the Higher Education Act (HEA) that seek to make college more affordable for the Nation's students. For example, his proposals would: increase loan forgiveness for graduates willing to teach math, science, or special education in high-need communities, reduce interest rates for most borrowers, increase loan limits for first-year students, and broaden the availability of extended repayment options.

<http://www.ed.gov/news/pressreleases/2004/02/02022004.html>

April 5, 2004

Memo to the President preparing him to make remarks on job training at Central Piedmont Community College in North Carolina. The President calls on Congress to reform the Workforce Investment Act (WIA) by: consolidating funding and giving Governors more flexibility; capping administrative expenses; and demanding clear employment results.

MEMO TO THE PRESIDENT

The President announces his proposed reforms of WIA, which include increasing the use of Innovation Training Accounts (ITAs), personal job training accounts that would allow individuals to choose the kind of job training that best suits their needs.

<http://www.whitehouse.gov/news/releases/2004/04/20040405-7.html>

August 9, 2004

Memo to the President describing his proposals for reforming Federal job training programs. The President's reforms would: double the number of people trained under WIA and empower workers to choose their own training needs through "Innovation Training Accounts"; eliminate the red tape and bureaucratic mandates that prevent States from using Federal dollars effectively; and strengthen the links between training providers (especially community colleges) and the private sector.

MEMO TO THE PRESIDENT

September 24, 2004

The Department of Labor launches a Personal Reemployment Account (PRA) pilot program, which will offer States the opportunity to participate in the first-ever PRA demonstration project.

http://www.dol.gov/sec/media/speeches/20040924_pra.htm

December 3, 2004

Memo to the President updating him on the Pell Grant program in response to an *New York Times* editorial claiming that the Administration may cut funding for the program. The memo explains that the Administration is confronted with a decision whether to update the State tax tables on which eligibility for Pell grants are based. Updating the tables would result in an estimated 80,000 fewer Pell-eligible students. Failing to update the tables would require Congress to appropriate additional funding for the program.

MEMO TO THE PRESIDENT

December 15, 2004

Memo to the President recommending ways to consolidate and strengthen education and job training programs and to reform Pell Grants. The memo describes a new "Menu" proposal, which would allow States to consolidate

funds from a number of job training programs through the National One-Stop Career Center System. The memo also recommends reforming the FFEL and DL programs and using the savings to pay off the Pell grant shortfall and to increase the maximum Pell Grant award.

MEMO TO THE PRESIDENT

January 13, 2005 Memo to the President providing background for a conversation on higher education and job training. The memo highlights that the President's FY 2006 budget will call for reforming both the FFEL and DL programs by reducing lender subsidies and reducing the level of risk assumed by the Federal government and then using the savings to pay off the current Pell Grant shortfall, increase the maximum Pell Grants, and pay for additional student loan proposals, including a permanent extension of the loan forgiveness for math, science, and special education teachers.

MEMO TO THE PRESIDENT

January 25, 2005 The Government Accountability Office (GAO) removes the Department of Education's Federal Student Aid office from the list of government programs at high risk for fraud, waste, abuse, and mismanagement due the Administration's emphasis on improving management and efficiency.

<http://www.ed.gov/news/pressreleases/2005/01/01252005a.html>

February 7, 2005 The President's FY 2006 budget request includes the following proposals designed to make college more accessible: (1) 13.7 billion for Pell Grants—a record high that would increase the maximum award by \$100 and help an estimated 5.5 million students pay for school; (2) \$33 billion for a new Enhanced Pell Grant program to provide an additional \$1000 to students who complete the rigorous state scholars curriculum in high school; and (3) \$50 million for a new Presidential Math-Science Scholars program that would provide up to \$5000 to low-income students willing to pursue math and science in college.

<http://www.ed.gov/news/pressreleases/2005/02/02072005.html>

March 1, 2005 Memo to the President providing background for a conversation on higher education and job training. The memo emphasizes the Administration's efforts to reform the Federal job training and employment programs, many of which are ineffective, inefficient, and lacking in accountability. The President's FY 2006 "WIA Plus" proposal would allow States to consolidate four formula grants from the Department of Labor and money from other programs, including Veterans Employment, Trade Adjustment Assistance Training, and Adult Education, to give the States more control and flexibility in their job training efforts.

MEMO TO THE PRESIDENT

September 19, 2005 Secretary of Education Spellings announces the formation of a new Commission on the Future of Higher Education ("Spellings Commission.") The commission, which will include university presidents, CEOs, policymakers, and researchers, will develop a comprehensive national strategy for postsecondary education that will be designed to address the needs of America's diverse population as well as the Nation's economic and workforce needs.

<http://www.ed.gov/news/pressreleases/2005/09/09192005.html>

January 5, 2006 The President attends the U.S. University Presidents Summit on International Education at the U.S. Department of State. His speech focuses on the importance of attracting foreign students to study in the U.S., of encouraging more Americans to complete part of their studies abroad, and of encouraging U.S. students to learn non-traditional languages.

<http://www.whitehouse.gov/news/releases/2006/01/20060105-1.html>

February 2, 2006 The President announces the American Competitiveness Initiative (ACI). The initiative commits \$5.9 billion in FY 2007 to increase investments in research and education, strengthen education, and promote entrepreneurship. One of the goals of the ACI is to encourage more students to major in science, technology, engineering, and math (STEM.) For example, the President proposes \$850 million for SMART grants to provide up to \$1300 to high-achieving first and second year students who have completed a rigorous high school curriculum and up to \$4000 to third and fourth year students who are majoring in STEM fields or a critical foreign language and maintain a 3.0 GPA.

Also as part of the ACI, the President proposes Career Advancement Accounts (CAA), which would be self-managed accounts of up to \$6,000 over two years that workers entering the workforce, transitioning between jobs, or wanting to move up the career ladder can use for job training or other services.

<http://www.whitehouse.gov/stateoftheunion/2006/aci/index.html>

February 6, 2006 The President's FY 2007 budget request includes \$12.7 billion for Pell Grants, which would maintain the maximum grant award at \$4050 for 5.3 million students—59,000 more students than in 2006.

<http://www.ed.gov/news/pressreleases/2006/02/02062006.html>

- February 8, 2006 The President signs into law two new student grant programs: the Academic Competitiveness Grant (ACG) and the National Science and Mathematics Access to Retain Talent (National SMART Grant). Both grants are designed to encourage students to take more challenging courses in college and to choose a college major in a high-need field, such as science, math, technology, engineering, and critical foreign languages. ACG grants will be available to students in their first two years of college, and SMART grants will be available to students in the third or fourth years.
- <http://www.ed.gov/about/offices/list/oape/ac-smart.html>
- February 22, 2006 The Department of Labor launches the Workforce Innovation in Regional Economic Development (WIRED). The initiative, which was originally launched in 13 regions, seeks to integrate workforce development with economic development with the goal of demonstrating that a trained workforce can generate economic development and create jobs in a region.
- <http://www.dol.gov/opa/media/press/eta/eta20060329.htm>
- May 11, 2006 President Bush delivers the commencement address at Mississippi Gulf Coast Community College, becoming the first sitting President to give the commencement address at a community college.
- <http://www.whitehouse.gov/news/releases/2006/05/20060511-5.html>
- September 19, 2006 The Spellings Commission releases its final report. The Commission finds that college access is limited by inadequate preparation, lack of information, and financial barriers, especially for low-income and minority students. It also finds that the current financial aid system is confusing, complex, and inefficient and that there is a lack of clear, comprehensive, accessible information about colleges and universities, especially in terms of comparative data about cost and performance. The final report also makes a number of recommendations to the Secretary on how to improve the accessibility, affordability, and accountability of the U.S. higher education system.
- <http://www.ed.gov/news/pressreleases/2006/09/09192006.html>
- September 21, 2006 Memo to the President describing the recommendations that Secretary Spellings will make in response to the Higher Education Commission's findings. These include: strengthening K-12 education and better aligning high school standards with college expectations; encouraging cost control and affordability by simplifying the financial aid process and supporting organizations that report college data; expanding consumer information to

promote higher quality and greater accountability among colleges and universities by strengthening incentives for States and institutions that want to collect outcome data on student achievement and transforming the higher education accreditation system.

MEMO TO THE PRESIDENT

September 26, 2006 The President makes a statement expressing his support for the Secretary's Plan for Higher Education, created in response to the recommendations of the Spellings Commission. The action plan seeks to improve the accessibility, affordability, and accountability through proposals described directly above.

<http://www.whitehouse.gov/news/releases/2006/09/20060926-10.html>
<http://www.ed.gov/news/pressreleases/2006/09/09262006.html>

Deleted: November 29, 2006 ... [1]

October 12, 2006 Memo to the President updating him on the legislative status of the American Competitiveness Initiative. The memo explains that House and Senate appropriators have essentially met the President's budget request for basic research, putting the Administration on track to achieve its goal of doubling funding for basic research over 10 years. The memo also highlights that the Department of Labor will soon advance the workforce component of ACI and begin implementation of Career Advancement Accounts—personal accounts allotted by States to displaced or current workers who can use them to pay for expenses directly related to improving their job skills.

MEMO TO THE PRESIDENT

October 26, 2006 The Department of Labor announces that eight States have volunteered to participate in a demonstration project for Career Advancement Accounts (CAA). Displaced and current workers in the eight States will be eligible for up to \$6,000 over two years to pay for expenses directly related to improving their job skills.

http://www.doleta.gov/whatsnew/new_releases/2006-10-26.cfm

November 29, 2006 Secretary Spellings convenes a forum on college accreditation as part of her the Secretary's Plan for Higher Education. Participants discussed ways to accomplish the Plan's recommendation that student outcomes and achievement should be the core requirement for accreditation.

<http://www.ed.gov/news/pressreleases/2006/11/11292006.html>

February 5, 2007 The President's FY 2008 budget request would increase Pell Grants to \$4,600—up \$550 from the year before, which would be the largest

increase since 1974. His request would also increase Academic Competitiveness Grants by 50 percent.

<http://www.ed.gov/news/pressreleases/2007/02/02052007.html>

August 9, 2007 President Bush signs the America Creating Opportunities To Meaningfully Promote Excellence in Technology, Education, And Science Act (America COMPETES). The Act, which responds to the President's announcement of ACI in January 2006, doubles the funding for basic research programs in the physical sciences and authorizes the President's proposal to increase the number of low-income students taking Advanced Placement/International Baccalaureate (AP/IB) courses.

<http://www.whitehouse.gov/news/releases/2007/08/20070809-6.html>

September 27, 2007 The President signs H.R. 2669, the College Cost Reduction and Access Act. The Act helps make college more affordable for low-income students by increasing funding for Pell Grants by \$11.4 billion over the next five years and increasing the maximum amount of Pell Grants from \$4,310 in 2007 and to \$5,400 by 2012. The law also provides members of the military with additional flexibility in paying for college by allowing those on active duty to defer payments on their loans and those who return home to defer payments for up to one year.

<http://www.whitehouse.gov/news/releases/2007/09/20070927-1.html>

October 22, 2007 Secretary Spellings announces the awarding of the first ever U.S.-Russia program grants. Through the United States-Russia Program: Improving Research and Educational Activities in Higher Education, grants totaling nearly \$600,000 are awarded to three American and three Russian universities. The goal is to help the two Nations collaborate on research in language, energy, health sciences, and advanced energy technologies.

<http://www.ed.gov/news/pressreleases/2007/10/10222007.html>

October 26, 2007 The Department of Education releases the results from one year of Academic Competitiveness (AC) Grants and National SMART Grants. The results show that in that first year, \$233,038,410 in AC Grants were awarded to 299,089 students and \$195,544,735 SMART grants were awarded to 60,976 students.

<http://www.ed.gov/news/pressreleases/2007/10/10262007.html>

October 28, 2007 Memo to the President on the reauthorization of Trade Adjustment Assistance (TAA). The memo explains that Principals will recommend that the President issue a veto threat against the Democratic TAA bill that

won approval in the House Ways and Means Committee because it would be a massive and costly expansion of TAA that would transform the program from a trade-program into a universal support and training program. Instead, the President supports reforms that would make TAA more useful to displaced workers by: increasing individual choice, providing more training options, reducing program duplication, and expanding eligibility where appropriate.

MEMO TO THE PRESIDENT

October 31, 2007 The House passes a Trade Adjustment Assistance (TAA). The bill would expand TAA to service workers, double the amount of funding for training, allow workers in an entire industry to be certified for eligibility, and provide a \$7 billion incentive fund for States to expand their unemployment insurance programs.

<http://www.govtrack.us/congress/bill.xpd?bill=h110-3920>

February 4, 2008 The President's FY 2009 budget request includes a tax benefit that would promote saving for college among moderate- and low-income parents. Under the proposal, taxpayers would receive a tax credit between 10 and 50 percent (depending on the taxpayer's filing status and adjusted gross income) the taxpayer invests annually in a 529 tuition-savings account. The budget request also includes \$18.9 billion for Pell Grants, which would be a 116 percent increase since 2001. It would also represent a 33 percent increase in the number of grant recipients since 2001.

<http://www.ed.gov/about/overview/budget/budget09/summary/edlite-section2d.html#taxbenes>

April 15, 2008 Memo to the President on the Administration's response to the capital crunch that is making student loans uneconomical for many FFEL lenders. The memo explains that the Department of Education is preparing two safety nets to ensure loans are available to students for the coming school year: (1) shifting more colleges into the Direct Loan program; and (2) preparing to expand use of the Lender of Last Resort program. It also explains that the Administration is exploring a legislative option that would temporarily empower the Department to buy loans originated by lenders during the 2008-09 school year.

MEMO TO THE PRESIDENT

May 7, 2008 The President signs H.R. 5715, the Ensuring Continued Access to Student Loan Act of 2008 (ECASLA), a response to the crisis in the credit market, which would authorize the Secretary of Education to purchase Federal Family Education (FFEL) loans to ensure that students have access to the

Federal student aid they need to pay for college in the 2008-09 school year.

http://www.whitehouse.gov/news/releases/2008/05/images/20080507-1_p050708cg-0175-515h.html

May 21, 2008

The Administration announces its four-part plan to ensure that students have access to Federal aid for the 2008-09 school year. Under the plan, the Administration will: (1) provide short-term relief for lenders to open up funds for students by making a loan purchasing agreement with lenders and giving access to short-term liquidity; (2) continue to work with the lending community to reengage the capital markets; (3) strengthen the Department's Lender-of-Last-Resort program; and (4) increase the Department's Direct Loan capacity.

<http://www.ed.gov/news/pressreleases/2008/05/05212008.html>

July 30, 2008

Congress reauthorizes the Higher Education Act. Although the law includes some important provisions designed to address the problems facing colleges, students, and families, it creates more than 60 new, costly, and duplicative programs. The law does, however, enact the Adjunct Teacher's Corp, a program recommended by the President that would encourage well-qualified math and science professionals to serve as adjunct middle or high school teachers.

<http://www.ed.gov/news/pressreleases/2008/07/07312008.html>

October 10, 2008

The President signs into law H.R. 6889, a one-year extension of ECASLA. The law renews the Department of Education and the Treasury Department's temporary powers to use Federal funds to ensure that students have access to the Federal student aid they need to complete the second semester of the 2008-09 school year and the 2009-10 school year.

<http://www.ed.gov/news/pressreleases/2008/10/10102008.html>

November 8, 2008

The Department of Education announces that it will use its authority under ECASLA to ensure continued and timely access to Federal student loans through: (1) replicating the loan purchase programs of the 2008-09 school year for the 2009-10 school year, and (2) providing liquidity support to one or more Asset-Backed Commercial Paper conduits.

<http://www.ed.gov/students/college/aid/ecasla-facts.html>

November 20, 2008

The Department of Education announces that it will take an additional step to ensure students have continued access to Federal student loans by creating a short-term program that uses the ECASLA authority to purchase certain FFEL loans from the 2007-08 school year. The goal of the

program is to minimize disruption in student lending prior to the Asset-Backed Commercial Paper conduit becoming operational.

<http://www.ed.gov/students/college/aid/ffelp-facts.html>

COPY FROM ORM

THE WHITE HOUSE
WASHINGTON

JANUARY 22, 2001

MEETING WITH DEMOCRATIC LEADERS

PURPOSE:

The meeting's purpose is to:

- (a) reach out to senior Democrat D.C. figures who are willing to give their advice and counsel to the new Administration;
- (b) share with them the President's agenda and approach to governing and his desire to change the tone; and
- (c) show he's open to their opinions and willing to listen.

The meeting also provides an opportunity to briefly discuss with William Grey, the President of the United Negro College Fund, the President's proposal to aid historically Black colleges and universities and to expand Pell grants and other student aid programs.

Increased Funding for Historically Black Colleges and Universities

Every U.S. President since 1980 has recognized a national interest in strengthening HBCUs, primarily through federal funding. HBCUs receive \$185 million in federal funding from Part B of Title III in the Higher Education Act. Funding is allocated to colleges and universities through a formula grant based partly on the school's graduation rate, the number of Pell grant recipients enrolled in the school, and the percentage of graduates who go on to post-secondary degree programs.

Proposal: Increase funding for Historically Black Colleges and Universities (Part B of Title III) to \$320 million over five years.

Increased Funding for Pell Grants

Pell grants offer low- and middle-income undergraduate students direct financial aid for higher education that, unlike a loan, does not have to be paid back. For the school year 2001-2002, students receive up to \$3,750 a year based on a formula that includes family income and cost of attendance. The average grant award is valued at \$1,935, and the Pell Grant budget is \$8.8 billion, serving 4 million students – roughly one out of four enrolled higher education students.

Proposal: Fully fund the Pell grant program for first-year students by increasing the maximum grant amount to \$5,100. This additional money will increase the maximum grant for first-year students by more than 50 percent, encouraging 800,000 students every year to enter and complete college. Students in their second year of college and beyond would continue to be eligible for the maximum levels appropriated by Congress each year.

Proposal: Offer enhanced Pell Grants to students who take rigorous math and science courses in high school. Pell grant recipients who either passed Advanced Placement math and science exams or took and passed college math and science courses while in high school would be eligible to receive an additional \$1,000 to pay for college tuition. The enhanced Pell grants would benefit students attending HBCUs, 75 percent of whom are eligible for Pell grants.

PRESS RELEASES

President Bush's Tax Programs Great for America's Families, Schools, Paige Says

Bush Tax Initiatives Support Families, Teachers and Schools

ARCHIVED INFORMATION

FOR RELEASE:

April 15, 2002

Contact: Dan Langan
(202) 401-1576

Secretary of Education Rod Paige today highlighted President Bush's efforts to provide more tax relief for our families, our teachers and our schools.

"President Bush has fought for and won tax changes that will help our schools, our students and our families this year and for years to come," Paige said. "Because of his efforts? and the bipartisan work of Congress? families will keep more of their hard-earned money to pay for college, our schools will have help with renovation projects, and teachers will be able to deduct certain expenses."

In his weekly radio address, President Bush focused on his administration's efforts to provide tax relief to Americans.

"This year, your tax rates are lower and you will keep more of your hard-earned money to spend or save, as you see fit," President Bush said. "Last year, I signed a tax relief bill that will continue to reduce federal taxes by more than a trillion dollars over the next 10 years."

The president added: "Tax relief helps the working people of our country with more money to provide for their families and pay their bills. And perhaps the best news of all is that even more relief is on the way for many years to come."

The following tax code changes enacted during the Bush administration support America's families, teachers and schools:

Increase and expand education savings accounts: The annual contribution limit to Coverdell education savings accounts (education IRAs) has been increased from \$500 to \$2,000. The income phase-out range for joint returns has been increased to between \$190,000 and \$220,000, twice the phase-out range for single returns. Distributions are now tax-free if used either for qualifying higher education expenses or qualifying expenses for elementary and secondary education at public, private and religious schools.

Allow tax-free distributions from Qualified State Tuition Plans: Distributions from these savings plans for higher education are now tax-free if used for qualifying higher education expenses. In addition, private colleges and universities are allowed to establish similar plans.

Allow deductions for higher education expenses: An above-the-line deduction from gross income will be allowed for qualifying higher education expenses of up to \$3,000 for taxable years 2002 and 2003. The deduction is limited to taxpayers with an Adjusted Gross Income (AGI) of \$65,000 or less (\$130,000 for joint returns). For 2004 and 2005, the maximum deduction will increase to \$4,000, and a deduction of up to \$2,000 will be available for taxpayers with AGI of between \$65,000 and \$80,000 (between \$130,000 and \$160,000 for a joint return). The provision expires after 2005.

Permanent exclusion for employer-provided education assistance: Under a temporary provision, prior law allowed an exclusion from employee income of up to \$5,250 of employer-provided education assistance below the graduate level. The provision was made permanent and expanded to apply to graduate-level education.

Modify student loan interest deduction: The prior law above-the-line deduction for up to \$2,500 of interest paid on student loans was modified to eliminate a 60-month limit on such deductions and to include voluntary payments of interest. The income phase-out range for this deduction was increased to between \$50,000 and \$65,000 of AGI (between \$100,000 and \$130,000 for joint returns).

Provide tax relief for awards under certain federal health education programs: Awards received under the National Health Service Corps Scholarship Program and the Armed Forces Health Professions Scholarship and Financial Assistance Program may now be excluded from income as qualified scholarships without regard to the recipient's future service obligation.

Expand the scope of the small issuer exception from arbitrage rebates for certain school bonds: The size of a tax-exempt bond issued by a small governmental unit that is exempt from arbitrage rebate requirements has been increased to \$15 million if at least \$10 million of the issue is used for public schools.

Allow private activity bonds for public school construction: Public schools owned by private for-profit corporations can now be financed with tax-exempt bonds pursuant to agreements with state or local education agencies.

Allow teachers to deduct out-of-pocket classroom expenses: Teachers and other educators in public, private and religious elementary and secondary schools will now be able to take an above-the-line deduction for classroom expenses they incur of up to \$250 per year. To be eligible the taxpayer must be a teacher, instructor, counselor, principal or aide for at least 900 hours during a school year, and the expense must be incurred in connection with a trade or business. The provision is effective for 2002 and 2003.

Authority to issue Qualified Zone Academy Bonds: Additional authority to issue up to \$400 million of Qualified Zone Academy Bonds was created for 2002 and 2003. The provision had expired at the end of 2001. The total authority is divided among the states. Interest on these bonds is paid in the form of a tax credit to their holder, usually a commercial bank. The issuing school district or other governmental unit is responsible for repaying principal. The bond proceeds can be used for rehabilitation of existing school buildings and certain other purposes but not for new construction.

The president's proposed FY 2003 budget will provide additional tax relief for America's families.

The budget contains a proposal for a refundable tax credit for certain costs of attending a different school for pupils assigned to failing public schools.

A refundable tax credit would be allowed for 50 percent of up to \$5,000 of qualifying elementary or secondary school expenses incurred with respect to enrolling a qualifying student in a qualifying school. Students would qualify if the school they normally would attend is a public school determined by the local school district as not having made "adequate yearly progress" under the terms of the *No Child Left Behind Act of 2001*.

The proposed FY 2003 budget also would allow teachers to deduct out-of-pocket classroom expenses. The proposal is similar to the provision enacted as part of the *Job Creation and Worker Assistance Act of 2002* except that the proposed maximum deduction would be \$400 per year and would be permanent (effective beginning in 2004).

For more information, visit www.whitehouse.gov or www.treasury.gov.

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For Immediate Release
Office of the Press Secretary
June 20, 2001

President Bush Speaks at Summit on the 21st Century Work Force

MCI Center
Washington, D.C.

[View the President's Remarks](#) [View the President's Remarks](#)

[President Bush Issues Executive Order Regarding 21st Century Workforce Initiative](#)

9:35 A.M. EDT

THE PRESIDENT: Thank you all very much. Thank you very much. Please, be seated. Madam Secretary, thank you very much, and I appreciate so very much your service to the country. I made a good pick when I convinced Elaine to join my Cabinet; she's doing a terrific job. (Applause.)

I think Rod Paige is here, too, the Secretary of Education. If he's not -- he is here. Hey -- Mr. Secretary. (Applause.) Thank you, Mr. Secretary. Members of Congress, thank you all so very much for being here. I spend a lot of quality time with members of Congress these days. (Laughter.) I think we're making pretty good progress, and I appreciate you all for coming.

I want to thank the business and labor leaders who are here. I want to thank you all for taking an interest in the American work force.

As Elaine mentioned, I just came back from Europe and had a fascinating experience. It's such an honor to represent our great nation around the world. We've spent a lot of time talking about industry and trade and commerce -- after all, we trade over \$1 trillion a year between Europe and the United States. And I reminded people a solid truth, that the strength of our economy depends upon the people who go to work every day -- that there is a lot of fiscal matters that we'll take up and monetary matters, but the truth of the matter is, the great strength of the American economy is our work force, the hard men and women who work every single day to make a living.

And that is your concern today, and I commend you all very much for giving this conference your time and your interest and your talent.

Our responsibilities are clear: We should try to make it easier for people to find good jobs by giving them the education and training they need to succeed. Second, we should help them keep good jobs, and encourage employers to do more for their workers. And, third, we owe them a chance to build a nest egg that will help them maintain a high standard of living in their retirement years.

As you well know, a successful working life usually begins with a good education. This has always been true. But it's even more true as our economy changes. We live in a time of incredible opportunities to succeed, and every child growing up in America, regardless of background or accent, deserves an equal chance to take advantage of these opportunities.

Five months after the day that I was inaugurated, I am pleased to say that we are nearing historic reforms in public education. This is a victory for every child and for every family in America. Last week, education reform passed the Senate by a vote of 91 to 8. (Applause.) When these reforms become law, schools will have more freedom from needless meddling by Washington. There will be fewer mandates and regulations for schools to meet, more freedom and more flexibility, as schools live up to high standards they will now be required to meet.

You see, I believe every child can learn. I believe we've got to start with the mind-set that every child in America can learn. And we need to raise the bar and trust local people to meet the standards and -- the high standards. Every public school, starting next year, as well, will be held accountable for its performance.

It's not enough to promise and proclaim high standards. The American people expect results. Families and parents want results. And the law will soon require such results with testing every child for every grade, 3 through 8, in reading and math.

The critics say, why? The answer is, because we want to know. And we want to know early, before it's too late. This business about passing children through grades because of age had got the end. This society must ask the question, what do you know. (Applause.)

I'm grateful for the hard work on Capitol Hill by both Republicans and Democrats on this measure. We've worked together from the start to what I hope is the finish soon. Congress needs to finish this work. The conference needs to come together. The House conferees and the Senate conferees need to meet, reconcile their differences and get the bill to my desk before public education starts next fall. It's time to act, and it's time to act with meaningful, real reforms. (Applause.)

All of us recognize that education spending should be increased. I realize that; the Senate realizes that; the House recognizes that -- but only where we're certain that the money will be well-spent. Additional resources must be tied to demonstrated progress and results. As Congress writes the final bill, I trust that members of both parties will stay true to that principle. We must not repeat the mistakes of years past, confusing spending money with progress. We must keep the focus on reform and results. It's the least we owe the work force of tomorrow, the very least -- which is a good, sound education.

But at every turn, federal policy must keep pace with changes of our work force. This morning I took one step, with an executive order formally establishing an Office of the 21st Century Work Force within the Department of Labor. (Applause.) This office will be charged with identifying new challenges and new opportunities for American workers.

My executive order also creates a presidential council to advise on labor issues, and especially on those issues affecting the lives of workers and their families. Every working person is entitled to expect fair treatment from the employers they work for. Wherever possible, we should find ways to remove conflicts between home and work.

For example, more workers should be able to take advantage of comp time. Federal workers already enjoy this privilege and private sector employees deserve the same. (Applause.) Many hardworking people would prefer to be able to choose a few extra days at home instead of a few extra dollars on payday. We've got to trust the workers of America to make the decisions that's best for their families.

Until fairly recently, many Americans have never known paydays at all, nor the other rewards that work brings. They have been denied jobs on account of a disability. And one of the great advances in our time is that persons with disabilities have been more welcomed in the workplace. But there's still more to do. We must speed up the day when the last barrier has been removed to full and independent lives for every American, with or without disability.

I've sent to Congress a set of proposals called the New Freedom Initiative. (Applause.) It's an important step to ensuring that all Americans with disabilities can participate more fully in the life of their communities and of our country. We'll help our fellow Americans gain greater access to assistive technology. We'll also help them gain access to public transportation and to the workplace, itself, in keeping with the requirements of the Americans With Disabilities Act.

I've also asked Congress to create a fund to help people with disabilities to buy the equipment they need to telecommute. We'll provide tax incentives to encourage employers to provide such equipment. And we'll protect home offices from needless OSHA regulations. (Applause.)

Tens of millions of Americans today work out of their homes. For most, it's a convenience. For workers with disabilities, it is a revolution. And we want as many Americans as possible to share in this revolution of independence. (Applause.)

An urgent issue for many workers today is quality health care. Like education reform, this issue is reaching an hour of decision, and before this year is out, I want to sign into law a patients' bill of rights. (Applause.) And let me be specific again about the type of bill I'd like to sign. It must cover everyone, all patients and all private health care plans.

The standards should be strong enough to protect everyone, yet flexible enough to preserve the good work that has been done in many states. It must guarantee all patients important rights -- the right to get emergency treatment at the nearest emergency room; the right to see a specialist when they need one. A woman should be able to visit her gynecologist, and parents, their children's pediatrician, without going through a gatekeeper.

In any bill that receives my signature, patients will have the right to a fair and immediate review when medical care is denied. If a health care plan denies care, you should be able to appeal immediately to an independent, impartial review panel of medical doctors. And if they say you need the care, your health care plan must provide it, period. (Applause.)

It's important for Americans to know, with that kind of strong, independent review process, most disagreements will not wind up in court. The law should allow the review process to work, not short-circuit it by inviting unnecessary lawsuits. (Applause.)

I believe that an HMO that wrongly denies coverage to a patient should be held liable in court. But we must keep our eye on the purpose. We want to give patients the care they need when they need it. The idea is to serve more patients, not to create more lawsuits in America. (Applause.) We can provide meaningful remedies to patients without driving up the cost of health care, or forcing employers to drop coverage.

Measured against this criterion I've described, there are some good bills and some bad bills. And I want to thank Senators John Breaux, Democrat; Senator Bill Frist, Republican; Senator Jim Jeffords, independent -- (laughter) -- for working hard to come up with a reasonable solution to this very important problem. (Applause.)

Finally, the end of a working life should not be the beginning of worry and hardship. The tax reform package I signed into law two weeks ago will help in several ways. For starters, it leaves more money in every working person's pocket. We remember whose money it was we're spending up here -- it's the working people's money. (Applause.) And it gives workers the chance to put more of their own money into an IRA or a 401(K) plan.

The tax bill also eased the IRS limits on pension benefits that you're allowed to receive. We heard from many unions and employers about the need for these changes, and we listened. (Applause.) This will help our workers prepare for later years, sending less money to Washington and putting more money in their own savings accounts.

And I've also established a bipartisan commission to save and strengthen Social Security. With this help and with the support of Congress -- we need to get beyond the years of delay and finger-pointing and quarreling about this incredibly important issue. The days of shifting blame must end in order to save this important system.

To those who are retired and near-retired, a promise made will be a promise kept by this government. But to the younger workers who wonder whether or not there is going to be a Social Security system around, you have an administration and a vehicle now that's willing to think differently, to trust you with your own money, to say it's your money to begin with, so that you can build your own nest egg that you can pass from one generation to the next. It's time. (Applause.)

One of the great virtues of the country is the value we place on hard work -- it really makes America unique, in a different place -- and the respect we have for those who work hard. Mine is an administration that understands the important resource of the men and women of America, the hardworking people who make this country grow. And ours is an administration that will always value hard work, and trust the individual and understand the limitations of government.

I want to thank you all for giving me a chance to come by and visit with you. It is a huge honor to be the President of the greatest nation on the face of the Earth. And it's a huge honor to be the President of a

nation full of decent, hardworking, caring and compassionate people. I thank you for the privilege. God bless. (Applause.)

PRESS RELEASES

**PAIGE ANNOUNCES MATH AND READING EDUCATION PARTNERSHIP
BETWEEN EDUCATION AND LABOR DEPARTMENTS AT LABOR
SUMMIT**

ARCHIVED INFORMATION

FOR IMMEDIATE RELEASE:
June 20, 2001

NEWS MEDIA CONTACT: Lindsey Kozberg
(202) 401-3026

U.S. Secretary of Education Rod Paige today announced a joint effort with the U.S. Department of Labor to improve adult and young adult education opportunities. Paige joined U.S. Secretary of Labor Elaine Chao in signing a memorandum of understanding during the National Summit on the 21st Century Workforce, in Washington, D.C.

The agreement between the agencies defines a partnership to develop and promote education opportunities for adults who are using labor department programs to prepare themselves for the demands of the modern American workforce. "Today, our departments create a partnership to serve the adult and young adult populations who need better skills," Paige said. "The memorandum of understanding we sign today will bring the Departments of Labor and Education together to give workers better access to better jobs and better tomorrows."

Paige said the two departments will work together to:

- assess the reading and math needs of local labor markets and of local labor pools, as well as available adult education resources, in order to establish a referral program for workers in need of reading and math skills training;

- give at-risk youth access to a high school diploma through partnerships between the Labor Department's Job Corps centers and public schools, distance learning programs and online course providers; and

- provide technical assistance to state and local education agencies and Workforce Investment Boards, One-Stop Career centers, and adult education and literacy grantees to assist them in providing expanded and improved adult education opportunities. That technical assistance may include curriculum development, teacher training in reading and math skills instruction, program development, program expansion, and the creation of partnerships to support instruction.

The Education Department's Offices of Elementary and Secondary Education, Vocational and Adult Education, Post-Secondary Education and Educational Research and Improvement and the Labor Department's Employment and Training Administration, particularly its Offices of Youth Services, Workforce Security and Policy and Research, will be involved in providing support for the partnership.

At the summit, Paige described the role of President Bush's No Child Left Behind plan for education reform in preparing our children to be the workforce of the 21st century. "But as we prepare for this great effort - ensuring that from now on in America, no child will be left behind - we must also recognize that over the last 30 years, our lack of effective reform did leave millions of children behind," Paige said. "Some of these children are now in the workforce. Others are just entering it. And others are trying to get in. But all are held back by the skills they weren't taught, and the knowledge they didn't learn." The partnership between the Labor and Education Departments is intended to address the ongoing needs of these adults by expanding the reading and math skills training opportunities that are made available to them, and preparing them for a meaningful role in America's workforce.

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PRESS RELEASES

ED's E-Sign Goes Live, Enabling Paperless Student Loan Process

ARCHIVED INFORMATION

FOR RELEASE:
July 6, 2001

Contact: Jane Glickman
(202) 401-1307
Stephanie Babyak
(202) 401-2311

The U.S. Department of Education has passed a major milestone in efforts to modernize its massive student loan systems. The department's Office of Student Financial Assistance (SFA) has put in place the first electronic signature option for conducting business with the federal government. The feature allows borrowers in the Federal Family Education Loan (FFEL) and William D. Ford Federal Direct Loan programs to "sign" for their loan online using their unique department-issued Personal Identification Number (PIN), rather than having to print a signature page, sign by hand, and send through the mail.

"With this option in place, students across the country can now obtain financial assistance paper-free," said U.S. Secretary of Education Rod Paige. "Our goal is to make financial aid available to students, and advances like this one make the aid process faster and more convenient for students without compromising the quality or reliability of the application process."

Enabling borrowers to sign master promissory notes electronically for their student loans was the last obstacle to building a completely paperless student loan process. Electronic filings are faster than paper and reduce errors.

The Electronic Signatures in Global and National Commerce Act, signed into law last year, made it possible to recognize a PIN as a legally binding signature. With this cutting edge technology, the department may now accept electronic signatures on the 13 million student loan applications that are funded each year for a total of approximately \$31 billion.

The e-sign option is available to lenders in the Federal Family Education Loan (FFEL) program, as well as to applicants borrowing through the Federal Direct Loan program. Major FFEL lenders who are using the department-established standards and the Student Authentication Network, which recognizes the department-issued PIN, include: College Foundation, Inc.; Educaid; Pennsylvania Higher Education Assistance Authority; Rhode Island Student Loan Authority, and Wells Fargo.

The department's e-sign option uses established Web-based technology. The borrower goes to a lender's Web page using Secure Sockets Layer encryption (a protocol recognized by both Netscape Navigator and Microsoft Explorer) to protect the privacy of the personal information. The lender redirects the borrower to a separate site where four authentication factors-name, birth date, Social Security number, and the department-issued PIN-are validated. The validation site redirects the borrower's browser back to the lender's site, transmitting the personal data (but not the secret PIN). The lender's site then walks the borrower through the required steps of furnishing required information, disclosure of terms and conditions, and agreement, recording each stage of the process in an electronic loan file. At the conclusion, the lender's site gives the borrower an Adobe® Portable Document Format (PDF) file of the completed promissory note.

Electronic options now available to students, prospective students, and their families on U.S. Department of Education Web sites include:

Information about attending college and the variety of student aid (loans and grants) available can be found at a variety of government and private Web sites, including <http://www.students.gov/STUGOVWebApp/Public>.

To get a PIN, a student, prospective student, or the parents of a student or prospective student, can visit <http://www.pin.ed.gov>.

To file a Free Application for Federal Student Aid (FAFSA) people can go to <http://fafsa.ed.gov> and complete the form online.

Borrowers can complete their Entrance Counseling, which promotes responsible borrowing, as well as Exit Counseling, which prepares them for repayment, online, by visiting <http://dlservicer.ed.gov> under Account Management.

Borrowers can have their loan repayments deducted electronically by setting up an Electronic Debit Account (EDA). Borrowers can obtain an EDA application online at <http://dlservicer.ed.gov> under Download Forms.

Borrowers can consolidate their loans at <http://www.loanconsolidation.ed.gov>.

Aid recipients (both loans and grants) can view their account status at <http://nslds.ed.gov> or, in the Direct Loan program, at <http://dlservicer.ed.gov>.

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PRESS RELEASES

Record Numbers of Students Awarded Federal Aid for College, Job Training
ARCHIVED INFORMATION

FOR RELEASE:

October 5, 2001

Contact: Jim Bradshaw

(202) 401-2310

U.S. Secretary of Education Rod Paige today reported that record numbers of American students received some sort of federal aid to attend college or pursue career training during the fiscal year that ended earlier this week.

"The Bush Administration is committed to helping families finance postsecondary education by making grants and low-cost loans widely available," Paige said, "and more aid is available now than ever before. President Bush and I will continue working to give more students access to a quality education at all levels, and we will work particularly hard to improve opportunities for minorities, students from low-income families, and other students underrepresented on college campuses."

In FY 2001, more than 8 million students received more than \$47.2 billion in federal grants, loans (excluding consolidation loans) and campus-based programs. Nearly 4 million students received \$9 billion in federal Pell Grants, which serve the neediest students. President Bush has proposed increasing Pell Grant funding by \$1 billion as part of his FY 2002 budget.

Paige added that a number of benefits in the tax reform package, signed into law by President Bush earlier this year, will help families finance a college education or job training courses, including:

Interest deduction for student loan payments until loans are repaid entirely instead of the first 60 months;

The expansion of state tax-free savings plans and an increase in the amount that can be invested in tax-free Education Savings Accounts to \$2,000 per year; and

Income tax payment rebates to families that can be used to pay for books and tuition.

Paige noted, however, that rising costs of college tuition and expenses have forced many students to borrow increasing amounts to pay for college. In FY 2001, approximately 5.31 million students borrowed \$34.8 billion in federal student loans, more than triple the \$11.7 billion borrowed in FY 1990.

Paige said that nearly two million disadvantaged students received help under the TRIO and GEAR UP programs in FY 2001. The Department awarded over \$1 billion for outreach and support services that help students from low-income families and other groups underrepresented on college campuses prepare for and complete a college education.

In addition, more than \$332 million was dedicated in FY 2001 to improve academic programs, student services, and buildings at colleges that serve a majority of African-American, Hispanic and Native American students.

"The Education Department's federal student aid and institutional programs make a significant contribution to helping more students from all backgrounds attend quality academic and job training programs," Paige said. "All Americans deserve a quality education at all levels, and the president and I will work tirelessly toward that goal."

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COPY
FROM ORM

THE WHITE HOUSE
WASHINGTON

MEETING WITH THE SECRETARY OF LABOR

Wednesday, January 9, 2002

3:20 p.m. - 3:40 p.m.

Oval Office

Albert Hawkins

I. PURPOSE

To discuss with Secretary Chao issues of importance to the Department of Labor.

II. BACKGROUND

The Secretary wants to discuss with you a variety of issues that she expects will take center stage at the Department of Labor in the coming year, including:

Retirement Security. DOL supports passage of legislation to give employees better information on how to manage their retirement accounts. In addition, the Department is developing a new legislative package to permit more diversity in corporate retirement accounts, crack down on pension fraud, provide compliance assistance to help pension trustees fulfill their fiduciary duties, and extend stronger whistleblower protection to union members who report on pension irregularities.

In a related issue, the National Summit on Retirement Savings (SAVER Summit) is scheduled for February 27 through March 1, 2002. It is likely that the Secretary will ask for your participation in that Summit.

"Fair to Families" Labor Law Reforms. The Department supports amending the Fair Labor Standards Act to allow private employers the option of offering flex-time programs in which workers have the choice of receiving overtime pay either in cash or in paid time off. Flex time and compensatory programs ("comp time") allow workers, at their request, to work additional hours during one week in order to take hours off, with pay, at a later date. As is currently the case with traditional overtime pay, comp time would accrue at a rate of one and one-half hours of comp time for each hour of overtime worked.

Trade Adjustment Assistance (TAA) Reauthorization and Trade Promotion Authority (TPA). DOL will actively work toward passage of both TAA and TPA in the Senate. The Secretary is working to ensure that the Department's work on TAA does not in any way impede passage of TPA.

Employer-sponsored Health Coverage. The Pension Welfare Benefits Administration of DOL has jurisdiction over all employer-sponsored health plans, which comprise half of all health plans in the country. As a result, DOL has an active interest in the debate over a patients' bill of rights, as well as in the economic stimulus discussions regarding health care coverage. Along these lines, the Secretary will do her part to assist in the fulfillment of one of your campaign promises – the establishment of Association Health Plans.

III. PARTICIPANTS

Secretary Elaine Chao, Department of Labor
Mitch Daniels, Director, OMB
Andrew Card, Chief of Staff
Joshua Bolten, Deputy Chief of Staff for Policy
Albert Hawkins, Cabinet Secretary

IV. PRESS PLAN

Closed

V. SEQUENCE OF EVENTS AND REMARKS

N/A

VI. ATTACHMENTS

Management Scorecard

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Draft	Department of Labor Management Section of the '03 Budget Document	3	N.D.	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Staff Secretary, White House Office of the

SERIES:

Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:

Higher Education and Job Training: A Timeline (2001 - 2008)

FRC ID:

13895

OA Num.:

14458

NARA Num.:

14247

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute of by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

PRESS RELEASES

Paige Announces Historically Black Colleges and Universities and Hispanic-Serving Institutions to Get More Than \$350 Million

President's FY 2003 budget request will increase support for colleges and universities serving minority and disadvantaged students

ARCHIVED INFORMATION

FOR RELEASE:

January 21, 2002

Contact: Lindsey Kozberg

Dan Langan

(202) 401-3026

U.S. Secretary of Education Rod Paige today announced that President George W. Bush's budget request for the Education Department will include more than \$350 million for programs that will strengthen Historically Black Colleges and Universities (HBCUs), Historically Black Graduate Institutions (HBGIs) and Hispanic-Serving Institutions (HSIs)—an increase of more than \$12 million over current funding levels.

Paige described President Bush's commitment to meeting the needs of all of America's students—particularly students from minority and disadvantaged backgrounds—during his remarks at a citywide observance of the birthday of Dr. Martin Luther King, Jr., in Washington, D.C.

Paige reflected upon the significance of President Bush's commitment to educating America's youth through the *No Child Left Behind Act of 2001*, which he signed into law earlier this month. Noting that his commitment extends beyond elementary and secondary schools to expanding higher education opportunities, Paige announced that President Bush will continue to support funding increases for programs that support higher education institutions serving large numbers of minority students and will ask Congress for more than \$264 million in federal support for HBCUs and HBGIs for fiscal year 2003.

President Bush's budget request for fiscal year 2003 will also include a request for more than \$89 million to support HSIs in order to help close the attainment gap between Hispanic students and their peers.

"To honor the legacy of Dr. King, we must continue to support the institutions that offer our minority and disadvantaged students opportunities through higher education," Paige said. "We have committed the resources we need to get that job done, and we will continue to work to make sure that every student in America can achieve, and no child is left behind."

The following are details regarding President Bush's budget request for fiscal year 2003 for HBCUs, HBGIs and HSIs:

President Bush has pledged to increase funding for HBCUs, HBGIs and HSIs by 30 percent between 2001 and 2005 in an effort to expand access to postsecondary education opportunities for students from minority and disadvantaged backgrounds.

African-American students have lagged behind other groups of students in educational attainment such as in acquisition of advanced degrees in science, engineering and mathematics. By contributing to the financial stability of institutions that serve African-American students President Bush is asking Congress to help close that attainment gap.

President Bush will call on Congress to increase funding for HBCUs by \$7.4 million—a 3.6 percent increase over 2002 funding levels that will result in an estimated average award of more than \$2 million each for the almost 100 eligible HBCUs.

President Bush will also call on Congress to increase funding for HBGIs by \$1.8 million—a 3.6 percent increase over 2002 funding levels that will result in an estimated average award of almost \$3 million for the almost 20 eligible HBGIs.

Hispanics make up the fastest growing segment of our K-12 public school system. However only 10% of Hispanics obtain a college education according to the Department of Education statistics. By supporting HSIs President Bush is seeking to offer greater opportunities for this expanding segment of the American population.

To enhance the academic quality, management and stability of colleges and universities that enroll large percentages of Hispanic students, President Bush is asking Congress to increase support for these institutions by \$3.1 million over 2002 funding levels—a 3.6 percent increase that is expected to expand the number of colleges and universities receiving grants through the Developing Hispanic-Serving Institutions program to almost 200 eligible institutions.

Paige's announcement follows President Bush's comments during his weekend radio address that he will continue to work to expand opportunities for all Americans through education and will ask Congress to increase federal funding for Title I Grants to Local Education Agencies by \$1 billion this year in an effort to support the needs of disadvantaged students across the country. In his radio address, President Bush also announced that he will ask Congress to increase funding for federal support for states in meeting the needs of students with disabilities by \$1 billion.

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PRESS RELEASES

President Bush Names 21 Individuals to President's Advisory Board on Historically Black Colleges and Universities

Board will identify and report ways to provide quality education programs for minority students and strengthen the role of HBCUs

ARCHIVED INFORMATION

FOR RELEASE:

February 5, 2002

Contact: Jane Glickman
Stephanie Babyak
(202) 401-1576

The White House Office of the Press Secretary announced Feb. 1 that President Bush intends to appoint 21 individuals to serve on the President's Board of Advisors on Historically Black Colleges and Universities (HBCUs).

Authorized under Executive Order 130321, the board is charged with identifying ways to strengthen the role of HBCUs and helping to provide quality education opportunities for minority and disadvantaged students. The board members will: (1) advise the U.S. secretary of education on the progress in closing the achievement and attainment gaps between African Americans and other groups of students; (2) issue an annual report to the president on the participation of HBCUs in federal programs; (3) recommend ways to increase the federal role in strengthening the academic programs and resources of HBCUs; and (4) report to the president on how to increase the role of the private sector in strengthening HBCUs.

Members selected to serve on the board include:

Dennis Ray Boxx of **Virginia**; vice president for corporate communications, Lockheed Martin, Bethesda, Md.;

Benjamin Franklin Payton of **Alabama**; president, Tuskegee University, Tuskegee, Ala.;

Arlene Cassandra Ackerman of **California**; superintendent, San Francisco Unified School District;

Hazo William Carter, Jr. of **West Virginia**; president, West Virginia State College, Institute, W. Va.;

Lawrence Arnett Davis, Jr. of **Arkansas**; chancellor, University of Arkansas at Pine Bluff;

Harold Emanuel Doley, Jr. of **New York**; president, Doley Security, Inc., New Orleans, La.;

Elson Sylvester Floyd of **Michigan**; president, Western Michigan University, Kalamazoo;

Charles Alphonso Hines of **Texas**; president/CEO, Prairie View University, Prairie View, Texas;

Ernest Leon Holloway of **Oklahoma**; president, Langston University, Langston, Okla.;

William English Kirwan of **Ohio**; president, Ohio State University, Columbus;

Ronald Francis Mason, Jr. of **Mississippi**; president, Jackson State University, Jackson, Miss.;

Marie Valentine McDemmond of **Louisiana**; president, Norfolk State University, Norfolk, Va.;

Bernard Joseph Milano of **New Jersey**; president, KPMG Foundation, Montvale, N.J.;

Girard Cecil Miller of **Virginia**; president/CEO ICMA Retirement Corp., Washington, D.C.;

James Carmichael Renick of **Illinois**; chancellor, North Carolina A&T State University, Greensboro, N.C.;

Ricardo Romo of **Texas**; president, University of Texas, San Antonio;

Dianne Boardley Suber of **North Carolina**; president, St. Augustine's College, Raleigh, N.C.;

Joyce Elaine Tucker of **Virginia**; president, Tucker-Spearman & Associates, Alexandria, Va.;

Timothy Gregory Walker of **Illinois**; manager of governmental affairs, Mitsubishi Motors, Normal, Ill.;

Michael Lucius Lomax of **Louisiana**; president, Dillard University, New Orleans; and,

John Kenneth Waddell of **Virginia**; president, St. Paul's College, Lawrenceville, Va.

"Creating education opportunities for America's minority and disadvantaged students is one of this department's main objectives," U.S. Secretary of Education Rod Paige said. "I look forward to working with the outstanding men and women President Bush has selected to help close the achievement gap between minority students and their peers and to expand their higher education opportunities."

The individuals selected by President Bush for this advisory board include representatives of historically black colleges and universities, other institutions of higher education, business and financial institutions, and private foundations. They will work together as a group to put forward recommendations and reports to the president.

PRESS RELEASES

**President Bush Signs New Executive Order On HBCUs
ARCHIVED INFORMATION**

FOR RELEASE:
February 12, 2002

Contact: Stephanie Babyak or Jane Glickman
(202) 401-1576

At a signing ceremony today at the White House, President Bush signed a new executive order that aims to strengthen our nation's Historically Black Colleges and Universities (HBCUs) and increase their opportunities to participate and benefit from federal programs.

The executive order establishes the presidentially appointed Board of Advisors, as well as the White House Initiative on HBCUs, located in the Office of the Secretary. It calls on executive departments and federal agencies to identify and carry out programs and activities to enhance the HBCUs and asks each agency to develop an annual plan to accomplish their goals.

The 21 new members of the President's Board of Advisors on HBCUs were sworn in today at the White House following this morning's signing ceremony. (A list of board members can be found in the [Feb. 5 press release](#).) Today's ceremony was part of a two-day conference hosted by the White House Initiative on Historically Black Colleges and Universities and attended by more than 50 HBCU presidents and chancellors. Conference speakers included Education Secretary Rod Paige, Homeland Security Director Tom Ridge, and William Gray, president and chief executive officer of the United Negro College Fund.

In his radio address last Saturday, President Bush discussed Black History Month and reiterated his support for the work and mission of our historically black colleges and universities. He said they have "opened the door to knowledge, when other doors were barred. And today they offer exciting opportunities to young people to contribute to their country."

During his comments to the assembled advisory board members and college and university presidents, Paige said, "As an HBCU graduate, I know the importance of your schools and the programs you offer to our community. This administration's commitment to your schools is serious and genuine."

President Bush has pledged to increase funding for HBCUs and Historically Black Graduate Institutions (HBGIs) by 30 percent between 2001 and 2005. The administration's proposed budget for fiscal year 2003 keeps the funding increases on track, calling for increases of 3.6 percent for both HBCUs and HBGIs, to \$213.4 million and \$50.8 million, respectively.

PRESS RELEASES

New ED Report Shows College Tuition Increases Related To Many Factors

ARCHIVED INFORMATION

FOR RELEASE:

February 15, 2002

Contact: Jane Glickman

Stephanie Babyak

(202) 401-1576

Barbara Marenus

(202) 502-7391

A report released today by the National Center for Education Statistics (NCES) shows that changes over time in tuition and fees--the "sticker price" that colleges charge and the costs that colleges incur to educate students--are related in only limited ways, and that there are a number of other factors that have been causing the continued tuition increases at public and private institutions over and above inflation. "This report suggests," said Under Secretary Eugene W. Hickok, "that the relationship between college costs and prices is complex, and it is an issue that requires further study. The Education Department must continue gathering data so that policymakers may make informed decisions in their efforts to monitor college prices and provide financial assistance to help American families from all financial backgrounds afford a college education."

Mandated by Congress, The Study of College Costs and Prices, 1988-89 to 1997-98 used data from the Integrated Postsecondary Education Data System (IPEDS) to examine two main issues: the relationship between college prices (tuition the family and student pay) and costs (what the institution spends), and the relationship of federal and institutional aid to price increases.

Overall, from 1988-89 through 1997-98, tuition charges in both the public and private sectors rose faster than inflation. The study found that tuition increases at private institutions were related to factors such as providing more institutional financial aid to students and increases in faculty salaries, along with decreases in endowment revenue and private gifts. In contrast, at public 4-year institutions, a decline in state appropriations was the single most important factor associated with increases in tuition. In addition, states with higher per capita income and higher tuition at public institutions had higher private not-for-profit 4-year college tuitions.

Given the limitations of the study, it could not fully address the relationship between tuition charges and increases in student financial aid. However, the study did find that increases in institutional aid were related to increases in tuition at some small public and private 4-year colleges.

This study is a follow-up report to the 1998 study Straight Talk About College Costs and Prices by the National Commission on the Cost of Higher Education. The full text of this report is available on line and may be accessed at <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2002157>.

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Policy Time - Economic - To: POTUS - From: Lawrence B. Lindsey	2	04/12/2002	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Staff Secretary, White House Office of the

SERIES:

Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:

Higher Education and Job Training: A Timeline (2001 - 2008)

FRC ID:

13895

OA Num.:

14458

NARA Num.:

14247

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute of by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Health Insurance Options in Trade Legislation - To: POTUS - From: Mark McClellan	3	04/11/2002	P5;

**This marker identifies the original location of the withdrawn item listed above.
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PRESS RELEASES

**The Bush Budget for Higher Education Helps Keep College Affordable
for American Families, Paige Says
ARCHIVED INFORMATION**

FOR RELEASE:
May 2, 2002

Contact: Dan Langan
202-401-1576

U.S. Secretary of Education Rod Paige today issued the following statement on President Bush's Proposed Budget for Higher Education:

"President Bush is committed to keeping college affordable for America's low- and middle-income families by increasing funding for grants, low-interest student loans and tax breaks for working families. All told, federal support to American families for higher education under President Bush's plan will exceed \$76 billion in 2003.

"Under the President's budget proposal the number of needy students receiving grants increases by one million and the maximum grant increases 21 percent over the past two years—to \$4,000. Plus, the Administration has also proposed ways to cover the \$1.3 billion hole in the Pell Grant Program that was created because **Congress failed to provide enough money.**

"In other words, Congress wrote a check for \$11.6 billion but deposited only \$10.3 billion to cover it.

"Interest rates on loans are at an all time low. And, we've proposed loan forgiveness for highly-qualified math, science and special education teachers serving low-income students.

"In addition, tax credits and deductions provide even more savings for our nation's college students and their families. For example, next year, students and families will save:

- an estimated \$3.5 billion under the HOPE tax credit, which allows a credit of up to \$1,500 for tuition and fees during the first two years of postsecondary education;

- \$2.4 billion under the Lifetime Learning tax credit, which allows a credit of up to \$2,000 for undergraduate and graduate tuition and fees;

- \$2.3 billion under a new above-the-line deduction of up to \$3,000 annually in higher education expenses; and

- \$640 million in above-the-line deductions for interest paid on postsecondary student loans.

"It's deeply troubling to me that after a year of strong bipartisan support for education—including the largest increases ever for our K-12 schools and our colleges and universities—some are resorting to petty politics to mislead the American people about this Administration's support for our college students and their families.

"This President is committed, in word and deed, to ensuring access and greater affordability so every young person who wants to go to college will have the opportunity to do so."

###

PY



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 16, 2002

454201SD
FG1026

COPY
FROM ORM

MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN

7-3-02

FROM: Mitchell E. Daniels, Jr. *medj*
Director *#1327D*

SUBJECT: Proposed Executive Order Entitled "Tribal Colleges and Universities"

SUMMARY: This memorandum forwards for your consideration a proposed executive order that was prepared by the Department of Education. The proposed order would reestablish the Board of Advisors on Tribal Colleges and Universities ("Board") and the White House Initiative on Tribal Colleges and Universities ("WHITCU") and further define the role of the Board.

BACKGROUND: President Clinton's Executive Order 13021 established the Board and the WHITCU in 1996. The order placed the Board and the WHITCU in the Department of Education and directed the Board and the WHITCU to take certain actions to help tribal colleges and universities.

Since then, Congress has passed the "No Child Left Behind Act of 2001" ("Act"). The Act made important changes in Federal elementary and secondary education programs that affect all children, including American Indian and Alaska Native children.

The proposed order would update the Clinton order to reflect the passage of the Act. Among other things, the proposed order would reestablish the Board and the WHITCU in the Department of Education. It would require the Board to provide recommendations on ways the Federal Government and tribal colleges can improve financial management and security, implement the Act, and meet other high standards of educational achievement. It would direct the WHITCU to provide staff support for the Board and to assist the Secretary of Education ("Secretary") in his function as liaison between tribal colleges and the executive branch.

The Administration has recently updated and reissued executive orders, similar to the proposed order, for historically Black colleges and universities (Executive Order 13256 of February 12, 2002) and for educational excellence for Hispanic Americans (Executive Order 13230 of October 12, 2001). The Secretary believes that it is important to do the same for tribal colleges and universities. Doing so would express this Administration's commitment to educational excellence and opportunity within the historic tribal colleges and universities that serve Indian tribes and Alaska Natives.

7/3/02 Signed
7/3/02 To File

VIEWS OF AFFECTED AGENCIES AND STAFF: Externally, the following executive departments and agencies and White House Offices do not object to the proposed executive order: (a) the Departments of State, Defense, Agriculture, HUD, Justice, Commerce, Transportation, the Interior, Labor, Education, HHS, Energy, VA, EPA, CIA, and OPM, GSA, NASA; and (b) the NSC and the White House Offices of DPC, CEA, NEC, OSTP, OA, Staff Secretary, Legislative Affairs, Cabinet Affairs, Communications and Speechwriting, Strategic Initiatives, White House Counsel's Office, Presidential Personnel, and OVP.

RECOMMENDATION: I recommend that you sign the proposed executive order.

Attachments



U.S. Department of Justice
Office of Legal Counsel

Office of the Assistant Attorney General

Washington, D.C. 20530

May 30, 2002

The President,

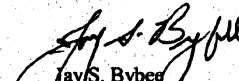
The White House.

My dear Mr. President:

I am herewith transmitting a proposed Executive Order entitled "Tribal Colleges and Universities." The proposed Executive Order was prepared by the Department of Education. The Office of Management and Budget, with the approval of the Director, has forwarded it to this Department for review of its form and legality.

The proposed Executive Order is approved with respect to form and legality.

Respectfully,


Jay S. Bybee
Assistant Attorney General



U.S. Department of Justice
Office of Legal Counsel

Office of the Assistant Attorney General

Washington, D.C. 20530

May 30, 2002

MEMORANDUM

Re: Proposed Executive Order Entitled
"Tribal Colleges and Universities"

The attached proposed Executive Order was prepared by the Department of Education. The Office of Management and Budget, with the approval of the Director, has forwarded it to this Department for review with respect to form and legality.

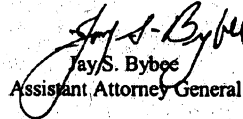
The proposed Executive Order reaffirms the unique relationship of the United States to Indian tribes and the special relationship of the United States to Alaska Native entities. The proposed Executive Order would reestablish the Board of Advisors on Tribal Colleges and Universities ("Board") and the White House Initiative on Tribal Colleges and Universities ("WHITCU") and update their functions to reflect the changes made in Federal elementary and secondary education programs by the recent passage of the No Child Left Behind Act of 2001 (Public Law 107-110).

Specifically, the Board's functions would be to provide recommendations to the President, through the Secretary of Education ("Secretary"), on ways the Federal Government can help tribal colleges to: (1) strengthen institutional viability; (2) improve financial management and security, obtain private-sector funding support, and expand and complement Federal education initiatives; (3) develop institutional capacity through the use of new and emerging technologies offered by both the Federal and private sectors; (4) enhance physical infrastructure; and (5) help implement the No Child Left Behind Act of 2001. The Board will be composed of 15 members appointed by the President. It will meet annually, at the request of the Secretary, to provide advice and consultation, transmit reports and present recommendations. The proposed Executive Order provides that the WHITCU will be established in the Department of Education. Its functions will be to provide staff support for the Board, assist the Secretary in the role of liaison between the executive branch and tribal colleges, and serve the Secretary in carrying out the Secretary's responsibilities under the Order. The Department of Education will fund and provide administrative support for the Board and the WHITCU.

The proposed Executive Order also requires each participating executive department and agency ("agency"), as determined by the Secretary, to appoint a senior official to serve as a liaison to the WHITCU. The Order further provides that each agency shall develop and implement a three-year plan for fulfilling the Order's purposes, which shall include

performance indicators and objectives that must also be reflected in the agency's annual budget submission. Each agency also must submit an annual performance report to the WHITCU.

The proposed Order is approved with respect to form and legality.


Jay S. Bybee
Assistant Attorney General

EXECUTIVE ORDER
#13270

TRIBAL COLLEGES AND UNIVERSITIES

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. Policy. There is a unique relationship between the United States and Indian tribes, and a special relationship between the United States and Alaska Native entities. It is the policy of the Federal Government that this Nation's commitment to educational excellence and opportunity must extend as well to the tribal colleges and universities (tribal colleges) that serve Indian tribes and Alaska Native entities. The President's Board of Advisors on Tribal Colleges and Universities (the "Board") and the White House Initiative on Tribal Colleges and Universities (WHITCU) established by this order shall ensure that this national policy regarding tribal colleges is carried out with direct accountability at the highest levels of the Federal Government.

Tribal colleges are both integral and essential to their communities. Often they are the only postsecondary institutions within some of our Nation's poorest rural areas. They fulfill a vital role: in maintaining and preserving irreplaceable languages and cultural traditions; in offering a high-quality college education to younger students; and in providing job training and other career-building programs to adults and senior citizens. Tribal colleges provide crucial services in communities that continue to suffer high rates of unemployment and the resulting social and economic distress.

The Federal Government's commitment to tribal colleges is reaffirmed and the private sector can and should contribute to the colleges' educational and cultural missions.

Finally, postsecondary institutions can play a vital role in promoting excellence in early childhood, elementary, and secondary education. The Federal Government will therefore work to implement the innovations and reforms of the No Child Left Behind Act of 2001 (Public Law 107-110) in partnership with tribal colleges and their American Indian and Alaska Native communities.

Sec. 2. Definition of Tribal Colleges and Universities.

Tribal colleges are those institutions cited in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note), any other institution that qualifies for funding under the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 *et seq.*), and Diné College, authorized in the Navajo Community College Assistance Act of 1978, Public Law 95-471, title II (25 U.S.C. 640a note).

Sec. 3. Board of Advisors. (a) Establishment.

There shall be established in the Department of Education a Presidential advisory committee entitled the President's Board of Advisors on Tribal Colleges and Universities (the "Board").

(b) Membership. The Board shall consist of not more than 15 members who shall be appointed by the President, one of whom shall be designated by the President as Chair. The Board shall include representatives of tribal colleges and may also include representatives of the higher, early childhood, elementary, and secondary education communities; tribal officials; health, business, and financial institutions; private foundations; and such other persons as the President deems appropriate.

(c) Functions. The Board shall provide advice regarding the progress made by Federal agencies toward fulfilling the purposes and objectives of this order. The Board also shall provide recommendations to the President, through the Secretary of Education (Secretary), on ways the Federal Government can help tribal colleges:

(1) use long-term development, endowment building, and planning to strengthen institutional viability;

(2) improve financial management and security, obtain private-sector funding support, and expand and complement Federal education initiatives;

(3) develop institutional capacity through the use of new and emerging technologies offered by both the Federal and private sectors;

(4) enhance physical infrastructure to facilitate more efficient operation and effective recruitment and retention of students and faculty; and

(5) help implement the No Child Left Behind Act of 2001 and meet other high standards of educational achievement.

(d) Meetings. The Board shall meet at least annually, at the request of the Secretary, to provide advice and consultation on tribal colleges and relevant Federal and private-sector activities, and to transmit reports and present recommendations.

Sec. 4. White House Initiative on Tribal Colleges and Universities. There shall be established in the Department of Education, Office of the Secretary, the White House Initiative on Tribal Colleges and Universities (WHITCU). The WHITCU shall:

- (a) provide the staff support for the Board;
- (b) assist the Secretary in the role of liaison between the executive branch and tribal colleges; and
- (c) serve the Secretary in carrying out the Secretary's responsibilities under this order.

Sec. 5. Department and Agency Participation. Each participating executive department and agency (agency), as determined by the Secretary, shall appoint a senior official who is a full-time officer of the Federal Government and who is responsible for management or program administration. The official shall report directly to the agency head, or to the agency head's designee, on agency activity under this order and serve as liaison to the WHITCU. To the extent permitted

by law and regulation, each agency shall provide appropriate information as requested by the WHITCU staff pursuant to this order.

Sec. 6. Three-Year Federal Plan.

(a) Content. Each agency identified by the Secretary shall develop and implement a Three-Year Plan of the agency's efforts to fulfill the purposes of this order. These Three-Year Plans shall include annual performance indicators and appropriate measurable objectives for the agency. Among other relevant issues, the plans shall address how the agency intends to increase the capacity of tribal colleges to compete effectively for any available grants, contracts, cooperative agreements, and any other Federal resources, and to encourage tribal colleges to participate in Federal programs. The plans also may emphasize access to high-quality educational opportunities for economically disadvantaged Indian students, consistent with requirements of the No Child Left Behind Act of 2001; the preservation and revitalization of tribal languages and cultural traditions; and innovative approaches to better link tribal colleges with early childhood, elementary, and secondary education programs. The agency's performance indicators and objectives should be clearly reflected in the agency's annual budget submission to the Office of Management and Budget. To facilitate the attainment of these performance indicators and objectives, the head of each agency identified by the Secretary, shall provide, as appropriate, technical assistance and information to tribal colleges regarding the program activities of the agency and the preparation of applications or proposals for grants, contracts, or cooperative agreements.

(b) Submission. Each agency shall submit its Three-Year Plan to the WHITCU. In consultation with the Board, the WHITCU shall then review these Three-Year Plans and develop an integrated Three-Year Plan for Assistance to Tribal Colleges, which the Secretary shall review and submit to the President. Agencies may revise their Three-Year Plans within the three-year period.

(c) Annual Performance Reports. Each agency shall submit to the WHITCU an Annual Performance Report that measures the agency's performance against the objectives set forth in its Three-Year Plan. In consultation with the Board, the WHITCU shall review and combine Annual Performance Reports into one annual report, which shall be submitted to the Secretary for review, in consultation with the Office of Management and Budget.

Sec. 7. Private Sector. In cooperation with the Board, the WHITCU shall encourage the private sector to assist tribal colleges through increased use of such strategies as:

- (a) matching funds to support increased endowments;
- (b) developing expertise and more effective ways to manage finances, improve information systems, build facilities, and improve course offerings; and
- (c) increasing resources for and training of faculty.

Sec. 8. Termination. The Board shall terminate 2 years after the date of this order unless the Board is renewed by the President prior to the end of that 2-year period.

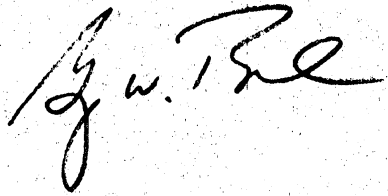
Sec. 9. Administration. (a) Compensation. Members of the Board shall serve without compensation, but shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in Government service (5 U.S.C. 5701-5707).

(b) Funding. The Board and the WHITCU shall be funded by the Department of Education.

(c) Administrative Support. The Department of Education shall provide appropriate administrative services and staff support for the Board and the WHITCU. With the consent of the Department of Education, other agencies participating in the WHITCU shall provide administrative support (including detailees) to the WHITCU consistent with statutory authority. The Board and the WHITCU each shall have a staff and shall be supported at appropriate levels commensurate with that of similar White House Initiative Offices.

(d) General Provisions. Insofar as the Federal Advisory Committee Act, as amended (5 U.S.C. App.) (the "Act"), may apply to the administration of any portion of this order, any functions of the President under the Act, except that of reporting to the Congress, shall be performed by the Secretary of Education in accordance with the guidelines issued by the Administrator of General Services.

Sec. 10. Revocation. Executive Order 13021 of October 19, 1996, as amended, is revoked.



THE WHITE HOUSE,
July 3, 2002.

PRESS RELEASES

**President Bush Names 14 Individuals to President's Board of
Advisors on Tribal Colleges and Universities
ARCHIVED INFORMATION**

FOR IMMEDIATE RELEASE:

July 3, 2002

Contact:

Sonya Sanchez,
Jane Glickman
(202) 401-1576

President Bush today appointed 14 individuals to serve on the President's Board of Advisors on Tribal Colleges and Universities.

Authorized under an executive order, the board is charged with ensuring that tribal colleges and universities have full access to federal and private programs and funds that benefit other higher education institutions. The board will make recommendations to the president and the secretary of education on ways the federal government and the private sector can help tribal colleges strengthen and expand their resources, programs, facilities and use of technologies.

"Tribal colleges and universities help preserve irreplaceable languages and cultural traditions. At the same time, of course, they offer a high-quality college education to thousands of students, and provide much-needed job training and other means of economic development in Indian country," President Bush said today.

The president has designated Ron McNeil of Fort Yates, N.D., to serve as chairman of the board. McNeil is the president of Sitting Bull College and a member of the Standing Rock Sioux tribe.

Other members selected to serve on the board include:

David Anderson of Edina, Minn.; chairman of Famous Dave's of America restaurant chain; member of the Chippewa and Choctaw tribes;

Martha McLeod of Brimley, Mich.; founding president of Bay Mills Community College;

Carl Altman of Golden, Col.; practicing attorney specializing in telecommunications and natural resources; member of the Oneida Nation of Wisconsin;

Kathy Domenici of Albuquerque, N.M.; owner of Communications Services, a mediation and facilitation training service and partner in Domenici Littlejohn, a communications consulting firm;

Thomas Cole of Moore, Okla.; president of Cole, Hargrave, Snodgrass & Associates, a political consulting firm; member of the Chickasaw Nation;

Ann Marie Downes of Homer, Neb.; president of Little Priest Tribal College; member of the Winnebago Tribe of Nebraska;

Mark Hatfield of Tillmook, Ore.; former U.S. Senator from Oregon, currently an adjunct professor at Portland State University, Lewis and Clark College and George Fox University;

Daniel Keating of Tulsa, Okla.; president of Summit Consolidated Group, a financial consulting firm in Tulsa;

David Matheson of Worley, Idaho; chief executive officer of Coeur d'Alene Casino; member of the Coeur d'Alene tribe;

Karen Swisher of Lawrence, Kan.; president of Haskell Indian Nations University; member of the Standing Rock Sioux tribe;

Della Warrior of Santa Fe, N.M.; president and development director of the Institute of American Indian Arts; member of the Otoe-Missouria tribe;

Richard Williams of Broomfield, Col.; executive director of the American Indian College Fund; member of the Oglala Sioux Tribe; and,

Eddie Brown of Chesterfield, Mo.; associate dean for community affairs and director of the Kathryn M. Buder Center for American Indian Studies at Washington University in St. Louis; member of the Pascua Yagui tribe.

"I look forward to working with this distinguished board to implement the promise of the *No Child Left Behind* Act and ensure that more American Indian youngsters can pursue and benefit from higher education," Secretary of Education Rod Paige said. "Our tribal colleges and universities are an important vehicle for making that promise a reality."

President Bush's proposed 2003 budget includes more than \$18 million for programs to strengthen Tribal Colleges and Universities (TCUs)—an increase of 3.6 percent over current funding levels. The 32 TCUs are located in 12 states and serve an estimated 30,000 students from 250 tribes.

A copy of the new executive order can be found at
www.whitehouse.gov/news/releases/2002/07/20020703-16.html

###

BOARDS & COMMISSIONS

About the Commission—Secretary's Commission on Opportunity in Athletics

ARCHIVED INFORMATION

The purpose of the Commission is to collect information, analyze issues, and obtain broad public input directed at improving the application of current Federal standards for measuring equal opportunity for men and women and boys and girls to participate in athletics under Title IX. To this end, the Commission will conduct at least three town-hall meetings in different parts of the country to obtain a public discussion of the issues.

The Commission will recommend to the Secretary, in a written report, whether those standards should be revised, and if so, how the standards should be revised. The Commission will also recommend other steps that might be taken to improve the effectiveness of Title IX and to maintain and build upon the extraordinary progress that has resulted from its passage 30 years ago.

For more information, please see the

[charter](#) of the Commission

[questions and answers](#)

[Federal Register Notice \(July 11, 2002\)](#)

[Press release \(August 2, 2002\)](#)

[Press release \(June 27, 2002\)](#)

Withdrawal Marker

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Agenda	Meeting with Members of Congress on Trade Promotion Authority - To: POTUS - From: Nicholas Calio	2	07/18/2002	P5;

**This marker identifies the original location of the withdrawn item listed above.
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Staff Secretary, White House Office of the

SERIES:

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FOLDER TITLE:

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TALKING POINTS

- Need to push this over the goal line.
- The longer this goes on, our people – farmers, small businessmen, and ranchers – lose to our trading partners, who are busy negotiating preferential trade agreements.
- We need to get rolling. Everybody knows what the differences are. Work them out. Get this trade package completed by the August recess.
- Long delay on renewing ATPA has already aggravated a very serious situation in the Andean region. Colombia, Bolivia, and Peru are all suffering in varying degrees from populist pressures against their efforts to eradicate the coca trade. More delay of ATPA renewal is causing real consequences in our hemisphere.
- I know the issues are tough:
 - TAA: Must be renewed to assist those workers who are displaced by trade. We need to ensure that they have access to resources to assist them in training and transition into more promising fields of work.
 - Dayton-Craig language: I am committed to enforcing our country's trade laws. I believe I have proven I am through my actions on the steel decision and other trade law decisions. But I have three Cabinet Members who have already recommended a veto of the trade bill if the Dayton-Craig language remains in the bill. I listen to them. This language would undermine the entire purpose behind TPA, and I need you to know that it needs to come out.
- Global trade is important to promoting economic growth and political stability here and around the world. World needs our leadership now more than ever.

REVISED

PARTICIPANTS

Donald Evans, Secretary of Commerce
Ambassador Robert Zoellick, United States Trade Representative

U.S. Senate

Senator Max Baucus (D, MT), Chairman, Finance Committee
Senator Chuck Grassley (R, IA), Ranking Member, Finance Committee
Senator John Rockefeller (D, WV), Member, Finance Committee
Senator Orrin Hatch (R, UT), Member, Finance Committee
Senator John Breaux (D, LA), Member, Finance Committee

U.S. House of Representatives

Representative Bill Thomas (R, CA-21), Chairman, Ways and Means Committee
Representative Charlie Rangel (D, NY-15), Ranking Member, Ways and Means Committee
Representative Phil Crane (R, IL-08), Chairman, Ways and Means Subcommittee on Trade
Representative John Boehner (R, OH-08), Chairman, Education and Workforce Committee
Representative Billy Tauzin (R, LA-03), Chairman, Energy and Commerce Committee
Representative John Dingell (D, MI-16), Ranking Member, Energy and Commerce Committee
Representative Dan Burton (R, IN-06), Chairman, Government Reform Committee
Representative Jim Sensenbrenner (R, WI-09), Chairman, Judiciary Committee
~~Representative David Bonior (R, CA-26), Chairman, Rules Committee~~
Representative Alcee Hastings (D, FL-23), Member, Rules Committee

White House Staff

Andrew Card, Chief of Staff
Joshua Bolten, Deputy Chief of Staff for Policy
Nicholas Calio, Assistant to the President for Legislative Affairs
Condoleezza Rice, National Security Advisor
Dan Bartlett, Communications Director
Ari Fleischer, Press Secretary
Jack Howard, Deputy Assistant to the President for Legislative Affairs
David Hobbs, Deputy Assistant to the President for Legislative Affairs
Ziad Ojakli, Deputy Assistant to the President for Legislative Affairs
Gary Edson, Deputy Assistant to the President and Deputy National Security Advisor
Candi Wolff, Assistant to the Vice President for Legislative Affairs
Kirsten Chadwick, Special Assistant to the President for Legislative Affairs
Heather Wingate, Special Assistant to the President for Legislative Affairs
Stephen Ruhlén, Deputy Assistant to the Vice President for Legislative Affairs

Commerce Department

Brenda Becker, Assistant Secretary for Legislative Affairs

United States Trade Representative

Peter Davidson, General Counsel
John Veroneau, Assistant USTR for Congressional Affairs

THE PRESIDENT HAS SEEN

7/18/02

PARTICIPANTS

The Vice President
Donald Evans, Secretary of Commerce
Ambassador Robert Zoellick, United States Trade Representative

U.S. Senate

Senator Max Baucus
Senator Chuck Grassl
Senator John Rockefeller
Senator Orrin Hatch
Senator John Breaux

*replaced by
newer cards*

Committee

U.S. House of Representatives

Representative Bill T.
Representative Charles W. Stenholm
Representative John L. Dingell
Representative George E. Brown
Representative Billy Carter
Representative John L. Dingell
Representative Dan E. Rostenkowski
Representative Henry Waxman (D, CA-29), Ranking Member, Government Reform Committee
Representative Jim Sensenbrenner (R, WI-09), Chairman, Judiciary Committee
Representative John Conyers (D, MI-14), Ranking Member, Judiciary Committee
Representative David Dreier (R, CA-28), Chairman, Rules Committee
Representative Alcee Hastings (D, FL-23), Member, Rules Committee

*Shirley
7/19/02*

Business Committee
Economic and Means Committee
Education and Workforce Committee
Energy and Commerce Committee
Environment and Commerce Committee
Foreign Affairs Committee

White House Staff

Andrew Card, Chief of Staff
Karl Rove, Senior Advisor
Joshua Bolten, Deputy Chief of Staff for Policy
Nicholas Calio, Assistant to the President for Legislative Affairs
Condoleezza Rice, National Security Advisor
Dan Bartlett, Communications Director
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President Signs Trade Act of 2002

Remarks by the President at Signing of the Trade Act of 2002
The East Room

Policy in Focus: Trade

12:00 P.M. EDT

THE PRESIDENT: Well, thank you all very much for that warm welcome. Welcome to the people's house, as we celebrate a victory for the American economy. Last week, the United States Congress passed trade promotion authority and renewed an expanded the Andean Trade Preference Act.

Trade is an important source of good jobs for our workers and a source of higher growth for our economy. Trade is an important source of earnings for our farmers and for our factories. It creates new opportunities for our entrepreneurs. Trade expands choices for America's consumers and raises living standards for our families. And now, after eight years, America is back in the business of promoting open trade to build our prosperity and to spur economic growth.

I appreciate so very much Vice President Cheney's hard work on this issue. I appreciate Colin Powell and Ann Veneman, who ably serve in my Cabinet. I want to particularly thank Don Evans, who's not with us, and Bob Zoellick, members of my Cabinet who both worked tirelessly to get the vote in the House and then in the Senate. And I appreciate Elaine Chao as well. These Cabinet secretaries worked hard for trade. They understand the promise of trade, and I appreciate their hard work on behalf of American workers and farmers.

I particularly want to thank the members of Congress who are here with us, starting with the Chairman of the Senate Finance Committee, the senator from Montana, Max Baucus. Max did fantastic work to get this trade bill through the Senate. And was then able to work with Chairman Thomas. (Laughter and applause.)

Chairman Thomas was heroic in the House. He was steadfast in his support for trade and I appreciate his leadership on this issue. And I want to thank both members of the United States Congress, one Democrat, one Republican, who put their country ahead of their parties to do what was right for the people of this country. You two deserve a lot of congratulations. (Applause.)

I want to thank Senator Hatch, who was a conferee and a member of the Finance Committee. Thanks for coming, Senator.

I want to thank my fellow Texan, Tom DeLay, the best vote-counter in the history of the United States Congress. (Laughter and applause.) After all, he was able to triple -- (laughter) -- the vote margin on final passage.

I appreciate so very much Cal Dooley, and a guy I call "Jeff", William Jefferson, Congressmen from California and Louisiana. And I want to thank them for their work as well. They led the Democrats in the House of Representatives, many of whom are here today, to do what's right for our country. And again, I appreciate your leadership and I appreciate your work and I appreciate your help. (Applause.)

I want to thank Embajadora A-Baki from Ecuador. I want to thank you for coming. I also want to thank Carlos Alzamora from Peru, and all the other ambassadors who are here. I want to appreciate you -- appreciate your hard work on sending the message of trade to members of our Congress. I want to thank you for your diligence, and I want to thank your Presidents for their care and concern about this incredibly

important initiative -- not only for Americans, but for workers all around the world. Thank you all for coming. (Applause.)

With trade promotion authority, the trade agreements I negotiate will have an up-or-down vote in Congress, giving other countries the confidence to negotiate with us. Five Presidents before me had this advantage, but since the authority elapsed in 1994, other nations and regions have pursued new trade agreements while America's trade policy was stuck in park.

With each passing day, America has lost trading opportunities, and the jobs and earnings that go with them. Starting now, America is back at the bargaining table in full force. (Applause.)

I will use trade promotion authority aggressively to create more good jobs for American workers, more exports for American farmers, and higher living standards for American families. Free trade has a proven track record for spurring growth and advancing opportunity for our working families.

Exports accounted for roughly one-quarter of all U.S. economic growth in the 1990s. Jobs in exporting plants pay wages that are up to 18 percent higher than jobs in non-exporting plants. And our two major trade agreements, NAFTA and the Uruguay Round, have created more choices and lower prices for consumers, while raising standards of living for the typical American family of four by \$2,000 a year.

America will build on this record of success. A completely free global market for agricultural products, for example, would result in gains of as much as \$13 billion a year for American farmers and consumers. Lowering global trade barriers on all products and services by even one-third could boost the U.S. economy by \$177 billion a year, and raise living standards for the average family by \$2,500 annually.

In other words, trade is good for the American people. And I'm going to use the trade promotion authority to bring these benefits to the American people.

Free trade is also a proven strategy for building global prosperity and adding to the momentum of political freedom. Trade is an engine of economic growth. It uses the power of markets to meet the needs of the poor. In our lifetime, trade has helped lift millions of people, and whole nations, and entire regions, out of poverty and put them on the path to prosperity.

History shows that as nations become more prosperous, their citizens will demand, and can afford, a cleaner environment. And greater freedom for commerce across the borders eventually leads to greater freedom for citizens within the borders.

The members of the diplomatic corps with us today understand the importance of free trade to their nations' success. They understand that trade is an enemy of poverty, and a friend of liberty. I want to thank the ambassadors for their role in getting this bill passed, especially the Andean ambassadors who are such strong advocates for the Andean Trade Preference Act. By providing trade preference for products from four Andean democracies, we will build prosperity, reduce poverty, strengthen democracy, and fight illegal drugs with expanding economic opportunity.

Trade promotion authority gives the United States an important tool to break down trade barriers with all countries. We'll move quickly to build free trade relationships with individual nations, such as Chile and Singapore and Morocco. We'll explore free trade relationships with others, such as Australia. The United States will negotiate a Free Trade Area of the Americas, and pursue regional agreements with the nations of Central America and the Southern Africa Customs Union.

We'll move forward globally, working with all nations to make the negotiations begun last year in Doha a success. A little more than a week ago, the United States put forward a far-reaching proposal to lower worldwide agricultural trade barriers. These innovative set of ideas can lead to real progress in this challenging area.

Trade gives all nations the hope of sharing in the great economic, and social, and political progress of our age. And trade will give American workers the hope that comes from better and higher-paying jobs.

America's committed to building a world that trades in freedom and grows in prosperity and liberty. Today, we have the tools to pursue that vision, and I look forward to the work ahead.

And now it's my honor and pleasure to sign into law the Trade Act of 2002. (Applause.)

(The bill is signed.) (Applause.)

PRESS RELEASES

**Education Department Cuts Federal Red Tape in Higher Education
ARCHIVED INFORMATION**

FOR RELEASE:

November 1, 2002

Contact: Stephanie Babyak,
Jane Glickman,
(202) 401-1576

The U.S. Department of Education today published final regulations that eliminate or change burdensome or unnecessary federal student aid regulations.

U.S. Education Secretary Rod Paige hailed the major deregulation effort as an example of the Bush Administration's commitment to improving the department's federal student aid programs. "Financial aid administrators, students, and others on the front lines of postsecondary education told us what needed to be changed...and we listened. They let us know -- loud and clear -- that the student aid programs are too complicated and need improvement. This effort shows what we can achieve by working together and putting the interests of students first," Paige said.

U.S. Rep. Howard P. "Buck" McKeon (R-Calif.), chairman of the House Education Committee's Subcommittee on 21st Century Competitiveness and Lifelong Learning, initiated the FED UP project and the effort to reduce federal red tape in higher education programs. McKeon called on the public and those in higher education to identify where regulatory reform was needed, and his solicitation for input resulted in thousands of comments. Last fall, Secretary Paige supported the reform effort and agreed that the department would consider all suggested changes from the higher education community that did not require legislation and would not increase program costs.

The new regulations make a number of changes, including eliminating the double-standard regulation known as the "12-hour rule," that restricts financial aid for students enrolled in distance education and other non-traditional term programs. The 12-hour rule was one of a number of regulatory barriers identified by the congressionally chartered, Web-based Education Commission in its December 2000 report. The commission concluded that these regulations discourage innovation and may "have the unintended effect of curtailing educational opportunity among thousands who seek financial aid for college." Paige said the change would help colleges better serve students in these programs, which includes many working adults financing their education.

"These changes will help schools better serve needy students," Paige said, "and we owe a great deal to the dedicated individuals throughout higher education who helped craft them. We look forward to working together with Congress and the higher education community on legislative changes to the Higher Education Act next year."

Fact Sheet: President Bush Taking Action to Strengthen America's Economy

Taking Action to Strengthen America's Economy

- On January 7, 2003, President Bush announced a growth and jobs plan to strengthen the American economy, and he called on Congress to act swiftly to pass it.
- The President's economic plan has three main goals:
 - Encourage consumer spending that will continue to boost the economic recovery and create jobs.
 - Promote investment by individuals and businesses that will lead to economic growth and job creation.
 - Deliver critical help to unemployed citizens.
- The President's new proposal would:
 - Speed up the 2001 tax cuts to increase the pace of the recovery and job creation.
 - Encourage job-creating investment in America's businesses by ending the double taxation of dividends and giving small businesses incentives to grow.
 - Provide help for unemployed Americans, including extending unemployment benefits and creating new re-employment accounts to help displaced workers get back on the job.
- Who benefits under the President's plan?
 - Everyone who pays taxes—especially middle-income Americans—as tax rate reductions passed by Congress in 2001 are made effective immediately. Middle-income families will receive additional relief from accelerated reduction of the marriage penalty, a faster increase in the child tax credit, and immediate implementation of the new, lower 10 percent tax bracket.
 - Everyone who invests in the stock market and receives dividend income—especially seniors—will benefit from elimination of the double taxation on dividends. About half of all dividend income goes to America's seniors, who often rely on those checks for a steady source of retirement income.

- Every small business owner who purchases equipment to grow and expand will get assistance through an increase in the expensing limits from \$25,000 to \$75,000.
- Every worker who has lost his or her job and qualifies for unemployment benefits will get more help, and many will qualify for new, more flexible Personal Re-employment Accounts, which provide a bonus if they find work quickly.
- **Under the President's proposal to speed up tax relief, 92 million taxpayers would receive, on average, a tax cut of \$1,083 in 2003.**
 - 46 million married couples would receive an average tax cut of \$1,716.
 - 34 million families with children would benefit from an average tax cut of \$1,473.
 - 6 million single women with children would receive an average tax cut of \$541.
 - 13 million elderly taxpayers would receive an average tax cut of \$1,384.
 - 23 million small business owners would receive tax cuts averaging \$2,042.
 - Americans in the lowest tax brackets receive the largest percentage reduction in their tax burden. 3 million moderate-income families will see their income tax burden eliminated entirely. **Example:** A family of four with an income of \$40,000 would see their federal income taxes fall from \$1,178 to \$45 under the President's plan.
- **According to a projection by the Council of Economic Advisers, the President's plan will help the economy to create 1.4 million new jobs by the end of 2004.**

Making Progress: From Recession to Recovery

- **Since the beginning of his Administration, the President has acted decisively to promote economic growth and job creation.**
 - In 2001, he fulfilled his promise to reduce the tax burden on the American people. This tax relief gave the economy a boost at just the right time—ensuring that the recession was one of the shortest and shallowest in modern American history. These tax cuts worked, and the President will continue to press the Congress to make the cuts—including the end of the death tax—permanent.
 - In 2002, he proposed and signed into law an economic stimulus bill, tough new corporate accountability standards, terrorism insurance legislation to put construction projects back on track, and an historic trade act. All these measures will help our economy as it recovers from the shocks of

recession, the attacks of September 11th, and serious abuses of trust by some corporate officials.

- **Today, America's economy is recovering and showing signs of growth.**
 - The country is now in its second year of economic growth.
 - Nationwide, incomes are rising faster than inflation.
 - Interest rates are the lowest in 37 years, and low interest rates have allowed Americans to refinance their homes, adding more than \$100 billion to their pocketbooks and to the economy.
 - The homeownership rate—a central part of the American dream—is 68 percent, close to the highest ever.
 - Productivity of American workers—the most important indicator of our economic strength—went up 5.6 percent over the last four measured quarters, the best since 1973.
 - Our trade with other nations is expanding—bringing the lower prices that come from imports, and the better jobs that come from exports.

More to Do: The President's Agenda to Strengthen America's Economy

- America has the strongest, most resilient economy in the world, yet this economy is not creating enough jobs. We have made great progress, but there is still more work to do.
- The President today proposed a specific agenda to increase the momentum of our economic recovery. The President's proposal would:

Speed up Tax Relief to Speed up the Recovery: The President's proposal builds on the success of the 2001 tax cut. As a result of this law, Americans are due to receive additional tax relief in 2004, and again in 2006. Republicans and Democrats in Congress have already enacted these cuts. The President believes the time to deliver this relief is now – when it can do the most good for families, businesses, and the economy – not years from now.

The President's plan would:

- Make all the tax rate reductions from the 2001 tax law effective this year—and retroactive to January 1, 2003.
- Upon passage, the President will order the Treasury Department to immediately adjust the amount of money withheld for income taxes, so that Americans will keep more of their paychecks right away.
- For income earned after January 1, 2003, the following tax rates would be in effect:
10%

15%
25%
28%
33%
35%

The President's plan would also bring middle-income families additional relief by speeding up three other tax reductions promised in 2001. It would:

- o **Reduce the marriage penalty** this year, instead of waiting until 2009. An estimated 46 million married couples would benefit under the President's plan.
- o **Raise the child tax credit** from \$600 to \$1,000 per child this year, instead of in 2010. That would amount to a \$400 increase per child, and checks would be issued in that amount this year to help parents across America. An estimated 34 million families with children would benefit under the President's plan.
- o **Move several million working Americans into the lowest tax bracket** of 10 percent now instead of waiting until 2008.

[Note: The plan will hold harmless any taxpayer who may be affected by the Alternative Minimum Tax].

Encourage Job-Creating Investment in America's Economy – The President has proposed two new steps to encourage individuals and businesses to invest in America's economy.

End the double taxation of dividends

- o Roughly 35 million American households receive dividend income that is taxable and will directly benefit under the President's plan. More than half of these dividends go to America's seniors, many of whom rely on these checks for a steady source of income in their retirement.
- o More than 40 percent of people who receive dividends make under \$50,000 per year—and three-fourths make less than \$100,000 per year.
- o Yet seniors and other investors are not getting the full benefit of their investments because those investments are taxed twice. The IRS taxes a company on its profits, then it taxes the investors who receive the profits as dividends. The result is that for every dollar of profit a company could pay out in dividends, as little as 40 cents can actually reach shareholders.
- o It is fair to tax a company's profits, and under the President's plan, company profits will still be taxed – but only once. It is not fair to tax this income twice by taxing the shareholder on those same profits. Double taxation is wrong—and it falls hardest on seniors.

- o Almost half of all savings from the dividend exclusion under the President's plan would go to taxpayers 65 and older. The average tax savings for the 9.8 million seniors receiving dividends would be \$936.
- o The President's plan would eliminate the double taxation of dividends for millions of stockholders – allowing taxpayers to exclude dividend payments from their taxable income – and returning about \$20 billion this year to the economy.

Increase incentives for small businesses to grow

- o Small businesses create the majority of new jobs and account for half the output of the economy.
- o Current tax laws permit them to write off as expenses up to \$25,000 worth of equipment purchases. The President's plan would increase that limit to \$75,000 and index it to inflation – encouraging them to buy technology, machinery, and other equipment they need to expand.

Help Unemployed Americans Find Work –As we work to encourage long-term growth in the economy, we must not forget men and women struggling today. The President's plan would help the unemployed on two fronts, providing both short-term benefits and long-term opportunity:

Extend unemployment benefits

- o Close to 70,000 workers exhaust their unemployment benefits each week and need our help.
- o The President called on Congress to extend unemployment benefits as a first order of business this year and signed that extension into law on January 8, 2003.

Create new Personal Re-employment Accounts

- o The President's plan would create Personal Re-employment Accounts, a new, innovative approach to help unemployed Americans find a job.
- o These accounts would provide unemployed workers with up to \$3,000 to use for job training, child care, transportation, moving costs, or other expenses associated with finding a new job. A person who gets a job within 13 weeks will be able to keep the leftover funds from their account as a re-employment bonus. This will help them when they are looking for work and give them an incentive to find work faster.
- o President Bush proposes giving states \$3.6 billion to fund these accounts. The program would be administered through the One Stop Career Center system and would work through existing state unemployment systems to ensure speedy delivery of benefits.

- Under the President's plan, these accounts would be available to at least 1.2 million Americans.
- Workers would receive these Personal Re-employment Accounts in addition to their regular unemployment benefits.

Turning Recovery into Prosperity

- The President's jobs and growth package will spur real overall economic growth and create jobs, yet it is disciplined and tailored to address specific challenges.
- The American economy is strong, but it must be stronger. The President's plan is a focused effort designed to remove the obstacles standing in the way of faster growth and greater progress.
- President Bush will not be satisfied until every American who wants a job can find one; until every business has a chance to grow; and until we turn our economic recovery into lasting prosperity that reaches every corner of America.

PRESS RELEASES

President Bush to Propose Record \$12.7 Billion for Pell Grants, Paige Says

Record investment to help nearly 4.9 million low- and middle-income Americans pursue higher education

ARCHIVED INFORMATION

FOR RELEASE:

February 1, 2003

Contact: Jane Glickman

Stephanie Babyak

Rodger Murphey

(202) 401-1576

U.S. Secretary of Education Rod Paige today announced that the administration's fiscal year 2004 budget proposal would include a \$1.9 billion increase for the Pell Grant program. This record request would increase Pell Grant funding to an all-time high of \$12.7 billion and enable almost 4.9 million students to receive a Pell Grant--nearly one million more than when President Bush took office two years ago.

"Pell Grants are the most effective of the student aid programs in ensuring that low- and middle-income students have access to a college education," Paige said. "Since taking office, President Bush has requested an unprecedented \$4.9 billion in additional funding for this critical program. The president's 2004 budget proposal further demonstrates his commitment to invest in the future of America's neediest students at all levels of education. The substantial funding increase we are seeking will help millions of needy families pay for higher education and give millions of students the opportunity to pursue their educational goals and make the most of their potential."

Overall, the president's 2004 budget proposal increases the amount of financial aid available for postsecondary students to \$62.2 billion, an additional \$3.1 billion or five percent over the level requested in 2003. A record 9.2 million students and parents would be able to receive grants, loans and work-study assistance under President Bush's proposal, 386,000 more recipients than the previous year. At the same time, interest rates on student loans are at an all-time low of 4.06 percent for academic year 2002-03, more than a 50 percent reduction from the 1998-99 academic year when rates were 8.25 percent. Student loan cohort default rates remained below 6 percent for the second consecutive year.

Other 2004 Budget Highlights

The president's 2004 budget request will include a proposed increase in funding for Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions (HSIs) to ensure opportunity and access for every American. The president's fiscal year 2004 budget will increase funding by five percent for the following programs: \$224 million for HBCUs, \$53 million for Historically Black Graduate Institutions and \$94 million for HSIs, totaling \$371 million. The budget also will include a 5 percent increase for the nation's 34 tribal colleges and universities, bringing the total requested amount to \$19 million.

In his Jan. 4 radio address, Bush announced that he will propose an additional \$1 billion, a total of \$12.3 billion, for the Title I program in the 2004 budget -- the highest funding level ever for the program that serves our nation's neediest K-12 students. In the address, he also announced that he would request more than \$1.1 billion for federal reading programs in next year's budget, an increase of \$75 million over last year's budget request. This

investment will go only to support programs with proven results in teaching children to read.

On Jan. 21, Paige announced that the president's 2004 budget would further help schools in low-income communities to recruit and retain highly qualified classroom teachers in fields facing critical teacher shortages. Up to \$17,500 in loan forgiveness would be provided to each math, science and special education teacher who works for five consecutive years in a school serving high poverty populations, more than three times the \$5,000 in loan forgiveness now allowed for other qualified elementary and secondary teachers.

The president's 2004 budget again will demonstrate his administration's commitment to expanding education options for parents by including an estimated \$756 million to help insure America's parents have more choices for their children, including \$75 million for a new Choice Incentive Fund; \$226 million in refundable tax credits for parents transferring a child from a public school identified for improvement; \$25 million for Voluntary Public School Choice grants to increase the capacity of schools to accept students exercising a choice option; \$220 million for charter school grants to support approximately 1,800 new and existing charter schools; \$100 million to continue the Credit Enhancement for Charter School Facilities program to assist charter schools in acquiring, leasing and renovating school facilities; and \$110 million to continue the Magnet Schools Assistance Program to provide grants to eligible local education agencies to establish and operate magnet schools that are operated under a court-ordered or federally approved voluntary desegregation plan.

###

PRESS RELEASES

**Paige Issues Statement Regarding Final Report of Commission on
Opportunity in Athletics
ARCHIVED INFORMATION**

FOR RELEASE:

February 26, 2003

Media Contact: Susan Aspey
Dan Langan
(202) 401-1576

U.S. Education Secretary Rod Paige today issued the following statement regarding the final report of the Commission on Opportunity in Athletics:

"I am pleased to receive the report of the Secretary of Education's Commission on Opportunity in Athletics. This report, "Open to All: Title IX at 30," is the result of nine months of meetings, research, hearings and testimony by a 15-member commission created to make recommendations to strengthen and improve Title IX.

"This report includes several recommendations unanimously agreed to by all of the commissioners in public meetings. I am pleased that the commission, made up of a diverse group of individuals with vastly different points of view, was able to agree on some important recommendations, and the department intends to move forward only on those recommendations. I appreciate the hard work of the commissioners in producing this final document.

"Some of these unanimous recommendations include suggestions that the Department of Education (1) reaffirm its strong commitment to equal opportunity for girls and boys, women and men; (2) aggressively enforce Title IX in a uniform way across the nation; (3) give equal weight to all three parts of the test governing Title IX compliance; and (4) encourage schools to understand that the Department of Education disapproves of cutting teams in order to comply with Title IX.

"The commission's work will greatly assist the department in strengthening, clarifying and improving the enforcement of Title IX. I thank the commissioners and the department's staff for their efforts and for their service to the country."

###

PRESS RELEASES

**College and Career Transitions Initiative Names 15 Site Partnerships
ARCHIVED INFORMATION**

FOR RELEASE:

June 13, 2003

Contact: Jim Bradshaw
(202) 401-1576

The U.S. Department of Education's Office of Vocational and Adult Education (OVAE) and the League for Innovation in the Community College today announced the first 15 partnerships for the College and Career Transitions Initiative, a program designed to ease student transitions between high schools and postsecondary education and to improve academic performance at both levels.

"This project will begin to help smooth the transition from high school to college by setting a clear path to success for students through programs of study linked to high demand, high-wage career fields," said U.S. Secretary of Education Rod Paige.

Each partnership is comprised of a community college, high school and two employers.

Working together, they will expand and develop model transition strategies and rigorous programs of study and that are intended to result in substantial positive outcomes for students, such as increased academic and skill achievement, greater enrollment and persistence in postsecondary education, higher postsecondary degree or certificate attainment, increased entry into employment, and a decreased need for remediation at the postsecondary level.

Funded by OVAE, the project supports the principles established in the No Child Left Behind Act of 2001 by investing in strategies to:

- Close the achievement gap;

- Create meaningful education options that help students with diverse backgrounds reach uniformly high standards; and

- Ensure that students attain these high standards at each level of their educational careers.

The 15 partnerships, organized by occupational area, are led by the following institutions:

INFORMATION TECHNOLOGY

Central Piedmont Community College (NC)
Southwestern Oregon Community College (OR)
Corning Community College (NY)

HEALTH SCIENCE

Miami-Dade Community College (FL)
Northern Virginia Community College (VA)
Ivy Tech State College (IN)

EDUCATION AND TRAINING

Maricopa Community College (AZ)
Ann Arundel Community College (MD)
Lorain County Community College (OH)

SCIENCE, TECHNOLOGY, ENGINEERING AND MATH

Sinclair Community College (OH)
St. Louis Community College (MO)
Lehigh Carbon Community College (PA)

LAW, PUBLIC SAFETY AND SECURITY

San Diego Community College District (CA)
Prince George's Community College (MD)
Fox Valley Technical College (WI)

To support the site partnerships, the League for Innovation in the Community College will also collaborate with the American Association of Community Colleges (AACC), the Center for Occupational Research and Development (CORD), the Chauncey Group International, the Community College Survey of Student Engagement (CCSSE), and the University of Texas at Austin's Community College Leadership Program (CCLP).

###

PRESS RELEASES

**Paige Issues Statement on Today's Supreme Court Decisions about
University of Michigan's Admission Policies
ARCHIVED INFORMATION**

FOR RELEASE:
June 23, 2003

Contact: Susan Aspey
Dan Langan
(202) 401-1576

U.S. Secretary of Education Rod Paige today issued the following statement on the U.S. Supreme Court's decisions about the University of Michigan's admission policies:

"The court's decisions today reaffirm the president's and my position that diversity in our public institutions is an important value, and that institutions of higher education must engage in a good faith assessment of workable race-neutral, non-discriminatory ways to achieve diversity on our nation's campuses.

"We agree that not all applicants to college and graduate school start from the same place - too many students in this country have been left behind by schools that have failed to prepare them to meet the competition of college and graduate school admission. But there are many effective, race-neutral options available to promote broader access and diversity in higher education today.

"As the court acknowledged, race-neutral policies can and are working across the nation. This spring, the department's Office for Civil Rights released a report detailing these programs and brought together many of our nation's distinguished higher education leaders for a conference to discuss effective race-neutral ways to achieve diversity. Consistent with the court's opinions today, the department will continue to do its part by examining and highlighting effective race-neutral approaches to ensure broad access to and diversity within our public institutions.

"The department will also continue with our mission to close the achievement gap to ensure that all students are prepared at the front end to meet the competition in higher education, without the benefit of special preference at the back end. That's the president's and my mission with the No Child Left Behind law: to fundamentally change the way we educate our children in America -- to change our public schools from a system that does a good job educating some of the children, to a system that's held accountable for educating every child, from every walk of life."

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The President's High Growth Job Training Initiative

In remarks to operating engineers on Labor Day 2003, President Bush laid out his groundbreaking approach for closing skills gaps: "The High Growth Job Training Initiative in this administration is aiming to give workers the skills they need to realize their dreams. It's a collaborative effort to help team up people with the jobs that are needed, to make sure that the changes in our economy don't leave people behind."

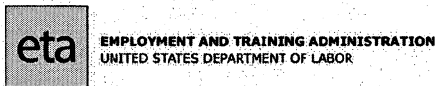
This initiative represents the first step in a series of actions that the Department of Labor's Employment and Training Administration (ETA) has taken to engage business, education and the workforce investment system to work together to develop solutions to the workforce challenges facing high growth industries. Fields like health care, information technology, and advanced manufacturing have jobs and solid career paths left open due to a lack of people qualified to fill them. The High Growth Job Training Initiative targets education and skills development resources toward helping workers gain the skills they need to build successful careers in these and other growing industries.

To put this approach into action, ETA identified 14 sectors that fit within the following criteria: (1) they are projected to add substantial numbers of new jobs to the economy or affect the growth of other industries; or (2) they are existing or emerging businesses being transformed by technology and innovation requiring new skills sets for workers. The sectors include:

- Advanced Manufacturing
- Aerospace
- Automotive
- Biotechnology
- Construction
- Energy
- Financial Services
- Geospatial Technology
- Health Care
- Homeland Security
- Hospitality
- Information Technology
- Retail
- Transportation

The High Growth Job Training Initiative continues to invest in national models and demonstrations of workforce solutions in these sectors designed to achieve the following outcomes:

- Targeted investment of workforce development resources and support for private and public sector partnerships to ensure the development of workers' skills in occupations where industry has identified needs.
- Increased integration of community and technical college efforts with business and the public workforce system activities to meet the skills training needs of high growth industries.



The President's High Growth Job Training Initiative

- Increased opportunities for employers to use apprenticeship training as skills development methodology, combining on-the-job training and academics, to ensure a pipeline of skilled workers.
- Providing workers with paths to career enhancing opportunities in high growth occupations.

During 2008, activities conducted as part of the President's High Growth Job Training Initiative will focus on distribution of the results, products and learning from the grants to the workforce investment system, community colleges and other stakeholders through www.workforce3one.org. ETA will continue to convene employers, the workforce system and education partners around industry clusters to work together to design and implement solutions to employers' workforce challenges, as well as to take advantage of existing resources that may be replicated. In addition, ETA will award grants to support careers in science, technology, engineering, and mathematics (STEM) fields as well as in the energy industry and construction and skilled trades in the energy industry.

By expanding the local workforce system's capacity to be market-driven, responsive to local economic needs, and a contributor to the economic well-being of the community, the Employment and Training Administration is promoting workforce quality, enhanced productivity, and economic competitiveness.



EMPLOYMENT AND TRAINING ADMINISTRATION
UNITED STATES DEPARTMENT OF LABOR

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SUBJECT: Education and Workforce Initiatives

The budget this year will emphasize slowing the rate of growth of non-defense, non-homeland security spending, with limited resources currently set aside for new domestic initiatives. The initiatives in this memo will absorb additional resources and will decrease resources available for other, competing initiatives. Of the proposals described below, only the community college capacity building proposal is partially included in OMB's passback to the departments.

While the No Child Left Behind Act (NCLB) is providing resources and accountability to improve the achievement of our Nation's elementary and secondary students, more remains to be done to ensure students graduate from high school prepared to enter college or the workforce. Results from the National Assessment of Educational Progress (NAEP) demonstrate that while achievement for our Nation's fourth- and eighth-graders is on the rise, scores for twelfth-graders have declined in both reading and mathematics. At the same time, the Bureau of Labor Statistics projects that 15 of the 20 fastest growing occupations in our economy will require substantial math or science preparation. If we are to ensure sufficient numbers of qualified students and workers to meet the demands of our changing economy, it is essential that we improve the academic rigor of our high schools and ensure that more students complete their secondary education.

The following proposals will help to improve the quality of our nation's high schools and colleges and prepare individuals for the job market.

Description

High Schools With the exception of vocational education programs, the Federal government has not historically provided substantial resources to high schools. However, declining test scores and the requirements of NCLB point to the need for additional assistance for secondary schools. We recommend four programs.

Math Initiative Build on the Math Science Partnerships in NCLB by creating a math initiative for secondary school students modeled after Reading First. This proposal would provide competitive grants to help States accelerate learning in math for struggling math students, with a particular emphasis on students in middle and high schools, so they can meet the adequate yearly progress goals of NCLB. These efforts must be research-based and include elements to assure that all math teachers are "highly qualified" as required by NCLB. States receiving money under the initiative would do so consistent with broader Federal initiatives – such as the Math Science Partnership programs at the Department of Education and the National Science Foundation – that are evaluated as effective in promoting improved student results in math.

Struggling Readers A particular problem in our Nation's high schools is the increase in students dropping out during the 9th grade. Frequently, these students are dropping out because they cannot read at the level required to continue high school work. We recommend a fund to provide annual grants to help States and districts accelerate learning for struggling readers, with a particular emphasis on students in high schools, so they meet the adequate yearly progress goals of NCLB. States receiving funds must provide scientific, research-based professional development, develop or identify diagnostic instruments to determine the level and type of reading difficulty, and provide intense instruction for these students. Continued participation in this program would be contingent upon progress in educating these students.

Advanced Placement (AP) Expand the availability of advanced placement, international baccalaureate and other college-level coursework in schools that serve large populations of low-income students by providing training to increase the number of AP teachers. Low-income students who participate in these programs are much more likely to enroll and be successful in college than their peers. However, many low-income students attend schools that do not offer these classes. Our recommendation would provide teacher training to expand the pool of teachers qualified to teach these courses.

Adjunct Teacher Corps Many districts have a difficult time attracting highly qualified teachers as required by NCLB for mathematics and science, and due to collective bargaining agreements, districts cannot easily hire qualified professionals in those fields to teach without a teaching certificate. This proposal would create opportunities for well-trained individuals and professionals to teach specific courses in high-need subject areas. The Department would offer competitive grants – for interested districts – to eliminate barriers for highly qualified persons to enter the teaching profession. For rural areas, the emphasis might be placed on consortia, distance learning opportunities, or even weekend coursework for highly specialized courses.

Higher Education We would also pursue significant efforts to improve post-secondary education.

Capacity-building for Community Colleges Expand the Department of Labor's (DOL) demonstration program for building community college capacity to train unemployed or dislocated workers in identified high-growth areas of workforce. The program would increase funding for the High-Growth Job Training Initiative – which you highlighted in Northern Virginia and North Carolina – to target specific identified workforce fields. These include health care, advanced manufacturing, information technology, biotechnology, geospatial technology, and high-need (e.g. math and science) K-12 education. Federal funds would be leveraged with private or State and local dollars to build capacity at community colleges to provide training in high-growth areas for which there are local job opportunities. Grants would be provided to community colleges that have formed partnerships with private companies or organizations in the affected industry. The Office of the Vice President (OVP) and the Council of Economic Advisors (CEA) are skeptical of the government's ability to identify these needs over time. Rather, they believe the market is better suited to make these adjustments.

Enhanced Pell Grants Tie enhanced Pell awards to specific results: timely completion of coursework in high-growth fields and to rigorous high school coursework. In the campaign you proposed offering enhanced Pell Grants to students who took rigorous math and science courses in high school.

- 1) Provide larger Pell awards – of about \$500 per year – for students agreeing to complete a degree or certification within a specified period of time in fields of study pertaining to high-growth workforce needs. This would be an incentive for students to complete degree programs more quickly and would encourage training in high-growth employment fields. Again, OVP and CEA are concerned about the government's ability to predict these needs over time. The cost for this proposal is \$56 million per each \$100 increase in the maximum Pell award if you limit the aid to students who finish a two-year degree in three years or less or a four-year degree in five years or less.
- 2) Provide an enhanced Pell grant – of \$500 to \$1,000 per year – to students completing State Scholars coursework, a pilot program you announced last year to encourage students to take a more demanding curriculum in high school in preparation for entry into a technical school, community college, university, or workplace. Students who complete a rigorous curriculum (with at least three years of mathematics and science, as well as four years of English and social studies, and courses in foreign languages) are more successful in pursuing and completing further education at technical schools, community colleges and institutions of higher education. The rigor of academic courses completed has proved to be a better predictor of success in postsecondary education than a student's GPA or class rank. In addition, in 2000, forty-two percent of entering freshmen at public two-year colleges enrolled in at least one remedial course. Thirteen States now participate in the State Scholars program.

If you support these two concepts, OMB recommends that the Administration propose a stand-alone program of competitive grants to States to carry out the same purpose, rather than modify the Pell Grant program. OMB points out that the Pell Grant program is a

simple, efficient voucher program that allocates funds to individuals based on a national needs test. Providing larger Pell awards to some students based on their high school coursework or their chosen field of postsecondary study will introduce a high level of complexity that this successful decades-old program was never designed to address and would make the program vulnerable to fraud and abuse. Furthermore, because Congress has failed to fully fund the program's cost in recent years, there is currently a \$3.2 billion shortfall in the Pell Grant program that should be eliminated before we further expand the program's scope. The OMB alternative would still leverage Pell investments, since a student's eligibility for the additional funds available through States could be contingent on their Pell Grant eligibility.

Conversely, the Pell Grant program is the primary Federal tuition support program that goes to students and offers the largest opportunity to focus Federal dollars on results and workforce needs.

Accountability Issue an Executive Order creating the President's Commission on Higher Education Information and Accountability. The mission of the commission would be to establish the performance indicators to be used in a higher education leading education indicators system. The system will provide consistent, coherent data that will allow parents, students and policymakers to make better decisions regarding higher education. As part of the reauthorization, Congressman McKeon has proposed measures to penalize universities which raise tuition too rapidly. Your advisors believe a more appropriate response is to ensure more transparent data reporting.

We also recommend that Secretary Paige create a Commission on Streamlined Reporting. This commission would be charged with evaluating the reams of data required by the federal government to streamline the data reporting of higher education institutions. The commission would identify data elements that are redundant or irrelevant and focus on data elements that improve the decision-making of parents, policymakers, and higher-education officials. The two commissions would work as Congress considers reauthorization of the Higher Education Act next year.

OVP recommends the Administration develop the indicators without creating a Commission or, at least, have the Secretary create a single commission to accomplish both tasks.

Accessibility Make higher education more accessible for historically under-represented populations by expanding educational opportunities via distance education and allowing students to be eligible for Federal student aid regardless of the number of on-line courses at their chosen institution. Also, provide States the opportunity to coordinate and streamline existing outreach programs.

Simplify student aid Use internet technology to streamline the student financial aid process. DOL and Education Department websites can provide student aid information, allow them to prepare applications on-line, and help guide them to study in areas that will lead to employment.

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America

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FROM ORM

January 19, 2004

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MEMORANDUM FOR THE PRESIDENT

FROM: MARLENE COLUCCI and DAVID DUNN

THROUGH: MARGARET SPELLINGS

SUBJECT: Background Information for Community College Conversations

Community Colleges

With more than 1,100 institutions nationwide, community colleges offer ready access and a cost-effective answer to maintaining a world-class workforce in a global economy. Community colleges are a leading service provider for education and training in most communities. In many states, community colleges are the preferred service providers. Individual job seekers and incumbent workers, particularly adults, often find community colleges to be the most accessible and relevant sources of training and lifelong learning.

Community colleges are funded through state (42 percent) and local taxes (18 percent), tuition and fees (23 percent), direct federal aid (5 percent) and other sources (12 percent). Federal student aid - loans and Pell grants - appear in the form of tuition.

The Department of Education (DOEd) provides community colleges direct aid through grants to states (\$500 million in 2003) and indirect aid through Pell Grants (\$3.5 billion) and student loans (estimated \$2.3 billion in 2003), which supplement tuition for low and middle income students. The Department of Labor (DOL) also provides formula grants to states for basic employment services and for individuals to participate in employment and training programs (\$4.2 billion in 2003) and demonstration grants through the High Growth Job Training Initiative to local job training partnerships between community colleges and employers.

21st Century Job Training Grants

DOL, through the High Growth Job Training Initiative, funds job training partnerships between education and training providers like community colleges and employers in high-growth industries. You highlighted these programs in North Carolina and Northern Virginia. The initiative is designed to ensure that workers are being trained in skills that high-growth industries demand. Since 2001, The DOL has invested more than \$39 million in 16 High Growth Job Training grants to partnerships in which:

- Industry representatives define the workforce challenges, e.g., getting career and skill information to young people; defining the skills needed for success on the job; training workers; building the capacity of educational institutions to train workers.
- Community colleges and other education and training providers assist in developing skill sets and curricula to train workers.
- The public workforce system helps direct youth, the unemployed, and dislocated workers into these training programs and places trained workers in jobs.

Building on these successes, your FY 2005 budget proposes \$250 million to strengthen the role of community colleges in workforce development with a new *21st Century Job Training Grant Program*. The competitive grant program will provide training in community and technical colleges and link community colleges with the workforce system and local employers

To implement this new initiative, the DOL will solicit competitive grant applications. Eligible applicants must demonstrate a partnership between business/industry, the workforce investment board, and one or more community colleges. Partnerships that focus on retraining dislocated workers in declining industries with new skills for jobs in high-growth/high-demand industries will be given priority.

Owens Community College – Toledo, Ohio

Founded in 1965, Owens Community College (OCC) offers over 160 program areas providing associate degrees, continuing education courses, and professional development. Owens serves over 40,000 credit and non-credit students annually, with an average class size of just 15 students.

The Integrated Systems Technology (IST) training program is designed to train workers to maintain, calibrate, and repair high-tech electrical, electronic, and mechanical equipment. The full training program is 200 hours, but the students are assessed to determine what skills they currently have so they are only placed in the areas of training where they need to pick up the new skills they need. The program is self-paced, so they can work through as quickly as they want and can enter the program at any time in the year.

OCC is working with Caterpillar and Amatrol to develop the curriculum with the help of a \$ High Growth Job Training grant from DOL. The program has graduated 55 people and an orientation was just held for an additional 35 people from another business that is closing in the area.

Mesa Community College – Mesa, Arizona

Founded in 1966, Mesa Community College (MCC) is the largest of the ten colleges that make up the Maricopa Community College system in metropolitan Phoenix, Arizona. The Maricopa system serves more than 250,000 students annually, and Mesa has an enrollment of about 27,000. Nearly 40 percent of Maricopa county residents have attended one or more of the Maricopa colleges.

Through its Business & Industry Institute, Mesa partners with a number of private sector companies, like Cisco and Microsoft, to train students to industry-developed standards for careers in the information technology (IT) field. In addition, Mesa works with the Computing Technology Industry Association (CompTIA), an organization that develops "vendor-neutral" certifications for IT students. These certifications are designed around industry-wide standards and test for industry-wide competencies.

Mesa is working with CompTIA to introduce the National IT Apprenticeship System (NITAS) into Mesa to help develop lifelong learning solutions that bridge the gap between skills taught and those required by the employer. CompTIA is developing this apprenticeship system with the help of the private sector, schools like Mesa, and the help of a \$3 million High-Growth Job Training grant from the DOL.

Other Administration Efforts to Strengthen Community Colleges

Perkins Act Reauthorization

Your administration has proposed to revamp the Perkins Act Vocational Education Act to strengthen the role of community and technical colleges in offering career and technical education training. Funds will be awarded to local partnerships of community colleges and private employers to provide a rigorous academic core culminating with an industry-recognized certificate, associate or baccalaureate degree, or certificate of completion from a registered apprenticeship. Technical coursework in each program must prepare students for employment in high-growth occupations identified in conjunction with local employers. These occupations will be identified by the state, but will reflect the varying economic needs and priorities of different regions within the state. Congress has not yet acted on this reauthorization proposal, and is likely to consider action in 2004.

Workforce Investment Act Authorization

The Workforce Investment Act provides funding for the nation's \$10 billion One-Stop employment and job training system. One-Stop centers offer adults working in declining industries access to skills that will help them gain employment in emerging and growing industries. The Administration's reauthorization proposal would make the system more demand-driven by enlisting the help of private businesses, make the system more user-friendly by strengthening the role of One-Stops centers, and make the system more flexible allowing states to use money where it is needed most. WIA is scheduled for reauthorization this year. The House has passed a bill that largely reflects the Administration's proposal; however, the Senate-passed bill falls short of the Administration's reform goals.

Fact Sheet: Jobs for the 21st Century

Presidential Action:

In his State of the Union Address, President Bush announced *Jobs for the 21st Century* -- a comprehensive plan to better prepare workers for jobs in the new millennium by strengthening post-secondary education and job training and improving high school education. This plan includes over \$500 million in new funding for education and job training programs.

Strengthening Access to Post-Secondary Education and Job Training: The President's plan will expand opportunities for workers to access post-secondary education to get the job training and skills to compete in a changing and dynamic economy and fill jobs in emerging industries -- including \$250 million to fund partnerships between community colleges and employers in high-demand job sectors, and \$33 million for expanded Pell Grants for low-income students who complete rigorous coursework in high school.

Improving High School Education: The President's plan will also improve the quality of education at our Nation's high schools and better prepare students for success in higher education and the job market -- including \$100 million to help striving readers and \$120 million to improve math education.

Higher Education

Background: Post-secondary education and training has become an essential requirement for a steadily increasing percentage of jobs. According to the Bureau of Labor Statistics 80% of the fastest-growing jobs in the United States require some sort of higher education after high school, and many of these jobs require a strong foundation in math and science. Because they are so adaptable and accessible, community colleges are increasingly critical providers of job training, both for degree-seekers and for workers seeking to retool, refine, and broaden their skills.

The Challenge: High school graduates are not entering college and the workforce with the skills they need to compete in a changing economy. A recent report by the National Center for Education Statistics found that 42% of entering freshmen at public two-year colleges and 20% of entering freshmen at four-year public institutions enrolled in at least one remedial course in 2000. Research from the U.S. Department of Education also shows that there is a strong link between the courses completed in high school and the completion of a post-secondary degree.

President Bush's Plan: President Bush wants to expand access to post-secondary education for low-income students, and he wants to foster a new generation of job training partnerships between community colleges and the employers in industries with the most demand for skilled workers. His plan includes:

- **Community-based Job Training Grants** Building on the successes of the President's High-Growth Job Training Initiative, a strategic approach that has provided seed money to fund job training partnerships between community colleges and local high-growth industries, the President proposes \$250 million in 2005 to strengthen the role of community colleges in workforce development. These new competitive Community-based Job Training grants would be used for training in community and technical colleges that are linked with local employers looking for more skilled workers.
- **Enhanced Pell Grants** The Bush Administration proposes to establish a \$33 million program to enhance Pell Grants to reward low-income students who participate in the State Scholars Program by taking a rigorous high school curriculum. This program would provide up to an additional \$1,000 per year to students in the first two years of college who complete the rigorous State Scholars curriculum in high school, enroll in college full time, and are Pell Grant recipients. Next year, approximately 36,000 low-income graduating high school seniors would be eligible to receive an enhanced Pell Grant under this proposal.

High School Initiatives

Background: The No Child Left Behind Act is providing accountability and resources to improve the achievement of America's elementary and secondary students. These reforms are already beginning to show results in elementary reading and math scores, but President Bush also wants to ensure that all high school students will be better prepared to enter higher education or the workforce. Unfortunately, recent results from the National Assessment of Educational Progress (NAEP) demonstrate that, while achievement for our Nation's fourth- and eighth-graders is on the rise, scores for twelfth graders have declined in both reading and mathematics.

Reading

The Challenge: Many struggling students are at risk of dropping out of school in part because of deficient reading skills. A 2002 study done by researchers at Johns Hopkins University estimates almost one-third of entering ninth-grade students need additional help in reading. In high-poverty high schools, this problem can be even worse, with some studies showing students entering high school three or more grade levels behind in reading. A 1999 study by Andrew Sum of Northeastern University confirms that literacy is highly correlated with the probability of ever earning a high school diploma, the probability of ever earning a higher education degree, and with future earnings.

The President's Plan: The Administration is proposing a new \$100 million Striving Readers Initiative that would make competitive grants to develop, implement, and evaluate effective reading interventions for middle or high school students reading significantly below grade level. This program would complement the Reading First State Grants program, which provides comprehensive reading instruction for children in kindergarten through third grade that is grounded in scientifically based reading research. The proposal would provide funds to approximately 50 to 100 school districts

for reading intervention programs to help middle and high school students catch up to their peers in reading.

Math

The Challenge: Research indicates many students who drop out of school lack basic skills in mathematics. A 2002 study done by researchers at Johns Hopkins found that "[i]n almost every State, there is at least a 35 percent difference between the percent of white eighth graders and the percent of eighth graders in the State's largest minority groups scoring at the basic level in mathematics on the NAEP test." Further, a 2001 study of Third International Mathematics and Science Study (TIMSS) data revealed that 40 percent of the Nation's 13-year olds fail to perform as well as the average student worldwide in mathematics. Many jobs of the future, however, require a strong background in math and science.

The President's Plan: The Administration is proposing a \$120 million increase for the Mathematics and Science Partnership program authorized in the No Child Left Behind Act. The increase would support direct Federal competitive grants to partnerships to increase achievement in mathematics for secondary students. The new 3-year competitive grants would support projects that have significant potential to accelerate the mathematics achievement of all secondary students, but especially low-achieving students. The initiative would focus on ensuring that States and school districts implement professional development projects for mathematics teachers that are strongly grounded in research and that help mathematics teachers to strengthen their skills.

Advanced Placement

The Challenge: Low-income students who participate in Advanced Placement (AP) programs, which give students the opportunity to take college-level courses in high school, are much more likely to enroll and be successful in college than their peers. While enrollment in AP courses has nearly tripled over the past decade, studies show that minority students participate in AP classes and tests at rates far below those of non-minority students, since many students from low-income families attend schools that do not offer AP classes.

President Bush's Plan: Advanced Placement programs not only encourage the growth of Advanced Placement (AP) and International Baccalaureate (IB) courses, but also serve as a mechanism for upgrading the entire high school curriculum for all students. The Administration is proposing a \$28 million increase for the Advanced Placement program authorized in the No Child Left Behind Act bringing spending on it to nearly \$52 million a year. The increase in funds will ensure that teachers in low-income schools are well-trained to teach AP and IB courses. This program has two components: Advanced Placement Test Fee and Advanced Placement Incentive grants. The purpose of both programs is to support State and local efforts to increase access to advanced placement classes and tests for students in low-income schools, as well as other programs with challenging curricular and end-of-course examinations such as the International Baccalaureate program.

Adjunct Teacher Corps

The Challenge: Job growth is expected to occur in occupations requiring a strong foundation in math and science. According to the Department of Education's 1999-2000 Schools and Staffing Survey, 52 percent of middle school and 15 percent of high school mathematics teachers did not have a major or minor in mathematics and 40 percent of middle school and 11 percent of high school science teachers did not have a major or minor in science.

President Bush's Plan: Many school districts need opportunities and the personnel to strengthen instruction in middle and high schools in the core academic subjects, especially mathematics and science. The Adjunct Teacher Corps would help alleviate this critical situation by bringing professionals with subject-matter knowledge and experience into the classroom. The Administration is proposing a new \$40 million initiative to provide competitive grants to partnerships of school districts and public or private institutions to create opportunities for professionals to teach middle and high school courses in the core academic subjects, particularly in mathematics and science.

Grants would be used to: (1) identify, as adjunct teachers, well-qualified individuals outside of the K-12 educational system, including outstanding individuals at the height of their careers in business, government, and institutions of higher learning; and (2) facilitate arrangements for these individuals to function in this capacity, for example, by teaching one or more courses at a school site on a part-time basis, teaching full-time in middle and high schools while on leave from their jobs, or teaching courses that would be available online or through other distance-learning arrangements. The proposal would provide for approximately 60 to 100 awards for partnerships to create and implement arrangements for using well-qualified individuals as teachers on an adjunct basis as is done in our institutions of higher education.

State Scholars

The Challenge: Students are not entering college with the skills necessary to succeed in and complete a post-secondary education. According to a recent study by the Manhattan Institute, 70% of all students in public high schools graduate, but only 32% of all students leave high school academically prepared to attend college. College readiness for minority students is even lower: 51% of all black students graduate, but only 20% leave high school college-ready; and 52% of all Hispanic students graduate, but only 16% leave high school college-ready.

President Bush's Plan: The Administration proposes \$12 million in funding for the State Scholars program to make grants available nationwide. In August 2002, President Bush announced the State Scholars Initiative, modeled on the successful Texas Scholars program, to encourage high school students to take more rigorous high school courses. Under the State Scholars Initiative, 12 States have already received assistance in developing and promoting strong courses of study, as well as providing special incentives for students enrolled in these programs.

PRESS RELEASES

President Bush Proposes Record \$57 Billion for FY 2005 Education Budget

Largest dollar increase of any domestic agency

Proposed increases of \$1 billion each for schools with disadvantaged children and special education students

ARCHIVED INFORMATION

FOR RELEASE:

Feb. 2, 2004

Contact: Susan Aspey

Jim Bradshaw

(202) 401-1576

President Bush today continued his commitment to America's students and their families by submitting a budget request for 2005 that provides \$57.3 billion in discretionary funding for the U.S. Department of Education. The budget request includes an additional \$1.7 billion--the largest dollar increase of any domestic agency--representing a 3 percent increase over 2004 and a 35.8-percent gain for education programs since the president took office.

The president's 2005 budget request continues to place a strong priority on assisting the nation's neediest students and includes historic funding increases to help states and school districts implement *No Child Left Behind*, the president's sweeping education reform law. The budget proposes a \$1-billion increase in Title I grants to help the neediest local schools and a \$1-billion increase for special education grants to states.

The 2005 request also includes \$12.9 billion--an \$823-million increase--for Pell Grants, to help an estimated 5.3 million students from low-income families pay for their higher education, which is one million more students than when the president took office. In total, student aid for higher education would increase to more than \$73 billion--a \$4.2 billion or 6-percent increase over 2004 levels. Almost 10 million students and parents--a 426,000 increase--would receive one or more grants, loans or work-study awards.

If approved by lawmakers, the \$57.3 billion budget would be a 35.8-percent increase, from \$42.2 billion in 2001 to the proposed \$57.3 billion in 2005.

"President Bush has once again provided record support for our nation's students, parents, schools and teachers," Secretary Paige said. "In the last three years, we have witnessed watershed moments in education. I believe that one day, we will look back on these years and say that this was the turning point. In an historic partnership, the Department worked with all 50 states to develop accountability plans to ensure they will attend to the needs of all their students--every single one. Each state's plan reflects the unique circumstances of that state.

"The president and I share a vision. We believe that all children can learn. We believe that all children deserve the opportunity for a great education. I believe that today, at the start of the third year of the *No Child Left Behind Act*, we are closer to making that vision a reality.

"But just as we are demanding accountability of our schools, we are demanding the same of ourselves. Over the last three years, we have made some important management changes at the Department that required hard work and discipline. And because of a concerted effort

on the part of the Department staff, taxpayers can rest assured that their hard-earned tax dollars will be managed responsibly."

Among the highlights of the 2005 budget request:

IMPLEMENTATION OF NO CHILD LEFT BEHIND

Supporting schools with disadvantaged children: President Bush's 2005 budget request would provide \$13.3 billion--a \$1 billion or 8-percent increase--for Title I grants to help local school districts improve low-performing schools and teacher quality and expand choices for students and parents. If enacted, the request would be an overall increase of \$4.6 billion--or 52 percent--in Title I funding since the passage of the *No Child Left Behind Act*.

Increasing flexibility and reducing bureaucracy: *No Child Left Behind* provides states and school districts with unprecedented flexibility to pursue their own strategies to ensure that all students are able to perform at grade level in reading and mathematics. The 2005 budget proposal includes: \$2.9 billion in grants to help states and school districts improve teaching and raise student achievement; \$692 million for educational technology grants to improve student achievement through effective technology use; \$441 million for grants to support school district and community efforts to foster a safe and drug-free learning environment that supports academic achievement; and \$297 million to help states and school districts implement innovative strategies, including expanded school choice options and other reforms, to improve student achievement.

Expanding options for parents: President Bush's proposed 2005 budget includes several proposals to ensure that parents have meaningful choices about their child's education, including: \$50 million for a new Choice Incentive Fund to provide more parents with the opportunity to transfer their children to a higher-performing public, private or charter school; \$27 million for Voluntary Public School Choice grants that would help states and school districts establish or expand public school choice programs, including those across a state or across school districts; \$219 million for charter school grants to support 1,200 new and existing charter schools; and \$100 million to assist charter schools in acquiring, leasing and renovating school facilities.

Reading First and Early Reading First: The 2005 budget request includes \$1.1 billion--an increase of \$101 million, or 10 percent--to expand Reading First, which supports state efforts to provide comprehensive reading instruction for children using scientifically proven teaching methods. The proposed budget also includes \$132 million--an increase of \$38 million, or 40 percent--for Early Reading First, the pre-school component of Reading First.

Jobs for the 21st Century: President Bush's 2005 budget request includes \$333 million in new funds to support the goals of his new *Jobs for the 21st Century* initiative, including: \$100 million for a new Striving Readers plan to improve the reading skills of teenage students who are reading at or below grade level; \$120 million for a new Secondary Education Mathematics initiative to help ensure that high school math teachers are highly qualified and can meet the needs of struggling students; \$40 million for an Adjunct Teacher Corps that would enable well-qualified individuals from business, technology, industry and other areas to serve as adjunct high school teachers; \$12 million to increase the number of states in the State Scholars program; \$33 million to provide an additional Pell Grant award of up to \$1,000 to low-income students who are State Scholars and take a rigorous high

school curriculum; and \$28 million to ensure that teachers in low-income schools are qualified to teach Advanced Placement courses.

Mentoring: The 2005 budget request includes \$100 million--a 100 percent increase--to expand and support school-based mentoring programs for at-risk middle school students.

Military Families: The 2005 budget request includes \$10 million to address the challenges faced by students from military families that frequently change duty stations.

Limited English Proficient (LEP) students: The 2005 budget request includes \$681 million to help ensure that LEP students learn English and can meet the same high standards as other students.

IMPROVING OPPORTUNITIES FOR STUDENTS WITH DISABILITIES

Individuals with Disabilities Education Act: President Bush's 2005 budget request contains the highest level of federal support ever provided to students with disabilities. Specifically, the proposed budget includes \$11.1 billion for special education grants to states--a \$1-billion increase over 2004 and the fourth consecutive \$1-billion increase requested by President Bush. The president also has requested \$2.7 billion--a \$113 million or 4.4-percent increase--to help state vocational rehabilitation agencies increase the participation of individuals with disabilities in the labor force.

ACCOUNTABILITY FOR VOCATIONAL AND ADULT EDUCATION

Vocational and adult education: President Bush has several proposals aimed at ensuring accountability for academic achievement in the areas of vocational and adult education. The president has requested: \$1 billion for a new, coordinated high school and technical education improvement program to improve academic achievement and outcomes in career and technical education programs, as well as to ensure that students are taught the skills necessary to make successful transitions from high school to higher education and eventually the workforce. The new program would be in place of the current Vocational Education State Grants program. The president's 2005 budget request also includes \$590 million for adult basic and literacy education, which would support a stronger focus on building skills in basic reading, mathematics and English acquisition for adults.

ENHANCING OPPORTUNITIES FOR HIGHER EDUCATION

Pell Grants: President Bush has proposed increasing Pell Grant funding to \$12.9 billion--an \$856-million increase. This increase would help an estimated 5.3 million students from low-income families pay for higher education--one million more students since President Bush took office. The increase would fully fund the cost of maintaining the \$4,050 maximum award for more than 5.3 million students in 2005-06 and support increased Pell Grants for State Scholars. Since 2000, the number of Pell recipients has grown by about 25 percent, thanks in part to the overall boom in college enrollment.

Student Loan Reauthorization--President Bush's 2005 budget request includes several proposals for the upcoming reauthorization of the Higher Education Act of 1965. The president's proposals reflect his commitment to make college more

affordable for students and their families and to strengthen the financial stability of the student loan programs. Specifically, the proposals would:

Increase loan forgiveness for mathematics, science and special education teachers serving poor communities

Reduce interest rates for most borrowers under the current interest rate environment, by retaining the variable interest rate structure after July 1, 2006

Increase loan limits for first-year students from \$2,625 to \$3,000 (current loan limits have remained essentially unchanged since the early 1970s)

Broaden the availability of extended repayment options

Phase out higher special allowance payments to lenders for loans funded with the proceeds of certain tax-exempt securities

Allow low-default schools more flexibility in disbursing loan funds

Clarify that student aid applicants who are convicted of a drug-related offense are ineligible for federal student aid only if the offense was committed while they were attending school

Strengthen the financial stability of the federal student loan system by requiring guaranty agencies to collect the currently optional 1-percent insurance premium on all loans guaranteed or disbursed after October 1, 2004

Reserve \$3 billion in future years for additional student benefits

More support for minority institutions: President Bush's 2005 budget request includes \$419 million--an \$18.8 million or 4.7 percent increase--to assist higher education institutions with a large proportion of minority and disadvantaged students, including Historically Black Colleges and Universities and Historically Black Graduate Institutions. The president also has proposed \$96 million--a \$1.9 million increase--to maintain support for institutions that serve large percentages of Hispanic students; \$104 million to develop expertise in foreign languages and international studies, which will help meet the nation's security and economic needs; and \$833 million for additional educational outreach and support services to disadvantaged students.

DEPARTMENT MANAGEMENT

Blueprint for Management Excellence: The President's 2005 budget request supports the Department's continued efforts to improve management and prevent fraud, waste and abuse of taxpayer dollars. The proposed 2005 budget would enable the Department to further improve its financial management and continue to modernize student aid systems, consolidate student aid administrative funding and continue to use competitive sourcing as a means to improve performance.

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COPY FROM ORM

THE WHITE HOUSE
WASHINGTON

REMARKS ON JOB TRAINING AND THE ECONOMY

Monday, April 5, 2004
10:10 a.m. – 11:00 a.m.
Central Piedmont Community College
Charlotte, North Carolina
Karl Rove / Margaret Spellings

I. PURPOSE

To highlight the job training initiatives in your FY 2005 budget and to discuss changes to the Workforce Investment Act (WIA) that will ensure more Federal dollars are spent on training individuals for high-demand jobs.

II. BACKGROUND

WIA, which is the primary Federal job training program for dislocated workers, funds: (1) employment services, such as job search assistance and resume writing, for roughly 16 million people a year; and (2) third-party job training for approximately 206,000 adult workers per year. WIA services are primarily provided through 3,500 One-Stop Career Centers nationwide.

In 2002, in response to complaints that the system is too complex and lacks accountability, your Administration called on Congress to reform WIA to give Governors more flexibility to design their state workforce investment systems and to tailor them to respond to local economic conditions and economic development needs. A bill that meets your reform principles has passed the House, and another version has passed the Senate. The bill is not expected to go to Conference because of disputes over religious hiring provisions, among other issues.

At today's event, you will propose significant reform of the Federal workforce training system that will: (1) consolidate funding and give Governors more flexibility; (2) cap administrative expenses; and (3) demand clear employment results.

Central Piedmont Community College

Central Piedmont Community College (CPCC) is the largest community college in North Carolina and serves 70,000 students annually. CPCC is a national leader in workforce development and job training for displaced workers.

According to the Department of Labor, CPCC was identified as a training provider in North Carolina's application for funds in 2003, and CPCC is also part of the Pillowtex response in partnership with the Federal government.

CPCC is one of three institutions chosen by the U.S. Department of Education (DoEd) to lead the Information Technology College and Career Transitions Initiative (CCTI) partnership and received \$200,000 in funding for this initiative from the DoEd. In June 2003, DoED announced partnerships for the CCTI, which is a \$3 million program for 15 schools designed to ease student transitions between high school and postsecondary education and to improve academic performance at both levels.

Note: Today's event is in Congressman Robin Hayes' (R, NC-08) district, and he will attend.

III. PARTICIPANTS

Elaine Chao, Secretary of Labor

Dr. Tony Zeiss [ZICE], President, Central Piedmont Community College (will introduce you)

Note: Tony will participate in the meeting prior to your remarks.

VIPs in Attendance

Governor Mike Easley (D)

Senator Elizabeth Dole (R, NC)

Congressman Richard Burr (R, NC-05)

Congressman Robin Hayes (R, NC-08)

Mayor Pat McCrory, City of Charlotte (R)

Boyd Winchester, mentioned in your remarks

Sharon Segee [suh-GHEE], mentioned in your remarks

Laura Spencer, USA Freedom Corps Greeter

600 invited guests, including CPCC students and faculty and state and local business and community leaders

White House Staff

COS: Joe Hagin, Deputy Chief of Staff for Operations

Policy: Kristen Silverberg, Deputy Assistant to the President for Domestic Policy

Event: Brad Hester, Associate Director, Office of Political Affairs

Press: Scott McClellan, Press Secretary

IV. PRESS PLAN

Open Press

V. SEQUENCE OF EVENTS

- Upon conclusion of meeting in Room 204, you and Tony Zeiss arrive at off stage announce area.
- You briefly greet Boyd Winchester and Sharon Segee (who are mentioned in your remarks).
Note: Following the greeting, Boyd and Sharon will be escorted to their seats.
- Tony Zeiss is announced on to stage.
- You are announced on to stage.
- Tony Zeiss delivers brief remarks and introduces you.
- You deliver remarks.
Note: 120 representatives from CPCC and local businesses will be seated behind you on stage. Tony Zeiss will remain seated on stage during your remarks.
- Upon conclusion of remarks, you work rope line and depart.
Note: You will greet families of fallen soldiers upon your departure.

VI. REMARKS

Provided by Speechwriting

VII. ATTACHMENT

None

Fact Sheet: Better Training for Better Jobs

Today's Presidential Action

President Bush has an agenda for creating more jobs for America's workers and ensuring that workers have the training and education they need to compete for the best-paying, highest-growth jobs. Today, he traveled to Charlotte, North Carolina to announce a new initiative to provide America's workers with better training for better jobs.

America's growing economy is a changing economy, and some workers need new skills to succeed. Today's economy is an innovation economy. Two-thirds of America's economic growth in the 1990s resulted from the introduction of new technologies - and 60% of the new jobs of the 21st century require post-secondary education held by only one-third of America's workforce. We need to close the skills gap in America. Not enough workers are being trained quickly enough to take advantage of many of the new jobs that are being created. The Federal government provides state and local governments over \$4 billion through the Workforce Investment Act (WIA), but only 206,000 adults were trained through these programs last year.

President Bush proposed significant reforms to Federal worker training programs to double the number of workers receiving job training, to ensure those programs work better for America's workers, and to close the skills gap so we fill every high growth job with a well-trained American worker. The President proposed:

- Providing \$4 billion in Federal job training funds to the nation's Governors with less federal red tape and more flexibility;
- Putting strict limits on overhead in major Federal job training programs by closing loopholes and enforcing limits to ensure tax dollars support training for workers who need it - reducing overhead costs by an additional \$300 million; and
- Giving workers more choices about their job training by increasing the use of personal job training accounts called Innovation Training Accounts (ITAs); and
- Training an additional 200,000 people for high-growth jobs through programs run by community colleges, unions, and businesses.

Background: Making Federal Job Training Work Better for America's Workers

The Problem: Currently, the Federal government spends almost \$23 billion for more than 30 programs spread across 9 departments and agencies. The result is a confusing hodgepodge of programs, some of which have remained fundamentally unchanged for

decades, and administrative costs that prevent too many dollars from getting to the workers who need training the most.

- **Bureaucracy:** Although many good people work in the job training system, the programs in place to train workers are overlapping and sometimes ineffective. Too often, red tape and administrative costs eat up job training money before it even gets to workers. For example, the Department of Labor found that several local areas had no one participating in training. Too much of the funds went to administrative costs-not training workers. *President Bush believes that every dollar spent on unnecessary bureaucracy is a dollar taken out of the pocket of a worker who needs job training.*
- **Complexity:** Job training programs are set up with so many rules that many workers, potential employers, and local community colleges do not participate. For example, 30 states have been granted temporary relief from these requirements so they don't lose their link with community colleges. However, there are limits to what we can do under the current Federal law. *President Bush recognizes that the best training is not filling out forms - it is learning on the job or at a community college.*
- **Limited Accountability:** Currently, there is no clear standard or benchmark to measure the effectiveness of federal job training programs. Federal grants to states for job training have 17 measurements of accountability. *President Bush proposes to refocus these programs on the end results that matter most to America's workers -- Did you get a job? How long did you keep it? And how much are you being paid?*
- **Failure to teach skills in demand:** Many job training programs do not address the skills that are most in demand by employers in the worker's community. Instead, workers are churned through the system without developing the skills they need for success over the long term. *President Bush believes we should be training workers for jobs in sectors of the economy that are most likely to grow.*

The President's Solution:

- **Less Red Tape and More Help for Workers:** The President's goal is to double the number of workers receiving job training by maximizing the available Federal dollars going to workers and eliminating unnecessary overhead costs by an additional \$300 million. The President's plan establishes a clear goal that the vast majority of job training dollars should go to the workers who need them - rather than to bureaucratic overhead. Currently, administrative expenses are capped at 15%, but regulatory loopholes allow too many of our training dollars to be spent on bureaucracy and other non-training services. As part of reducing red tape, the President's plan consolidates 4 major training and employment grant programs totaling \$4 billion into a single grant to Governors, eliminating unnecessary overhead costs and making Federal support more effective and efficient.

- **Increased Innovation Training Accounts (ITAs):** The President proposes to increase the use of Innovation Training Accounts to provide workers with more flexible and responsive assistance. Workers would have more job training choices - they would be able to use community colleges, private-sector training providers, local businesses, or community organizations - to get the help they need in the most effective and efficient way possible. These ITAs would allow workers considerable flexibility to tailor training programs to meet their needs.
- **More Accountability:** Under the President's plan, Governors would be given more flexibility to design their own workforce training programs. But they would also be required to set clear goals and outcomes focused on the number of workers placed in jobs, the duration of the job placement, and the earnings of the job. The President proposes consolidating the number of state performance goals of the Federal job training system from 17 to 3. Under the new goals, accountability will be determined by asking these questions: *How many people are finding work? How much are workers earning in their new jobs? How long are they staying in these jobs?*
- **Jobs for the 21st Century Initiative:** The President's Jobs for the 21st Century Initiative, announced in the State of the Union Address, includes a \$250 million proposal to help America's community colleges train 100,000 additional workers for the industries that are creating the most new jobs. This expands the Department of Labor's successful High Growth Job Training Initiative, launched under President Bush in 2001, which has provided \$71 million in 38 partnerships nationwide between community colleges, public workforce agencies, and employers. These initiatives help community colleges produce graduates with the skills most in demand by local employers.
- **Personal Reemployment Accounts:** The President has also proposed \$50 million for a pilot program of accounts of up to \$3,000 for those unemployed workers who have the most difficulty finding jobs to use toward job training, transportation, childcare, or other assistance in obtaining a new job. Workers who found a job quickly would be able to keep the balance of the account as a reemployment bonus.

COPY
FROM ORM THE WHITE HOUSE
WASHINGTON

August 9, 2004

DECISION

MEMORANDUM FOR THE PRESIDENT

THROUGH: MARGARET SPELLINGS
FROM: MARLENE COLUCCI
SUBJECT: Changing Workplace Initiatives: Job Training, Comp-Time/Flex-Time,
and Telework

Job Training Reform

There are 31 different Federal job training and employment assistance programs, for which your 2005 budget proposes a total of \$23 billion. As previously discussed, Federal job training programs are in need of reform. Of the 13 job training programs assessed by OMB, eight were rated "ineffective" or "results not demonstrated."

You have announced a series of innovative proposals to ensure Federal job training resources are more effective in preparing American workers for jobs of the future. The House passed a good reform bill that made some of the Administration's improvements to Federal training programs, but the Senate adopted a much weaker bill, and Senate Democrats are now blocking Conference consideration.

Your reform proposals would make the following changes to Federal job training programs:

- Double the number of people trained through the largest Federal job training program, the Workforce Investment Act (WIA). Because workers should be empowered to make their own choices regarding the skills they need, workers would be provided "Innovation Training Accounts," flexible job training funds controlled by the worker.
- Eliminate red tape and bureaucratic mandates, which have prevented Governors from effectively using Federal dollars. Today, the Federal government imposes too many mandates on Federal job training programs, which makes the system slow and inflexible.
- Strengthen links between training providers — particularly community colleges — and the private sector to ensure that programs train for jobs that actually exist. For example, in the State of the Union Address and the FY 2005 budget, you proposed to commit \$250 million to fund partnerships between community colleges and local businesses to train workers for fast-growing occupations.

While we continue to work with Congress to adopt reforms that meet your principles, the Administration is pursuing this approach administratively. Events could be used to highlight any of the following areas:

- **High Growth Job Training:** Since 2002, the Department of Labor (DOL) has directed more than \$92 million to 47 public-private partnerships in which companies in growing industries work with community colleges and others to ensure that workers get the skills they need to compete in emerging fields.

7 The Administration will be ready to announce a number of new High Growth partnerships over the next month. Specific locations for the partnerships will be selected by DOL over the next week.

- **Personal Reemployment Accounts (PRAs):** The 2005 Budget proposes \$50 million to create personal reemployment accounts of up to \$3,000, which would allow certain unemployed workers to purchase the training and assistance they need. Workers would keep the unspent balance as a reemployment bonus if they return to work quickly. The PRA would give an individual more control over the type of assistance that would best enable him or her to find a good job.

Although Congress has not yet authorized PRAs or appropriated dedicated funding for them, the Administration is prepared to announce implementation of a nine-state pilot program through administrative action. This will require Congressional notification but not Congressional approval.

- **Skilled Trades Initiative:** Between 2002 and 2012, the Bureau of Labor Statistics estimates that the U.S. will need to add nearly one million construction jobs. Although these jobs pay well, are in demand, and require a high skill level, there is a perception that occupations in the skilled trades do not offer workers a stable future. The Department of Labor, in partnership with the National Association of Home Builders, the Construction Industry Roundtable, and the Heavy Highway Alliance, is pursuing the "Skills to Build America's Future" initiative, which promotes careers in the skilled trades by educating young people about the opportunities available.

This initiative could be highlighted in any venue involving workers from skilled trades.

Promoting Flexible Workplaces

As you discuss the increasing number of single parent families and families who have both parents in the workforce, you can continue to highlight the need for more flexibility in the changing workplace. Your support for increasing the use of telework, and for allowing the private sector to use comp-time/flex-time, are examples of the flexibilities that enable workers to juggle more effectively the demands of family and work. Under current law, a private sector employer may not allow an employee to work more than 40 hours per week without paying the employee overtime (1.5 times his or her hourly wage) unless the employee is exempt from

overtime based on his or her job duties. However, for decades, government employees eligible for overtime have had the option of using "comp-time" or "flex-time" instead of overtime. Employees cannot be forced to take time off in lieu of overtime wages if they prefer the wages. Employee participation must be voluntary, and collective bargaining agreements would be honored.

- **Comp-Time** enables employees to choose paid time off as an alternative to overtime pay. Therefore, a worker who opts for comp-time and works 8 hours of overtime is entitled to 12 hours off (1.5 hours off per every hour of overtime).
- **Flex-Time** gives an employee the option of "flexing" his or her schedule over a pay period, by scheduling more than 40 hours of work in one week, and then scheduling less than 40 hours in another week. For example, an employee may request to work 48 hours one week in a two-week pay period to offset a paid day off the following week to chaperone a child's school trip.
- **Telework** enables workers to arrange with their employer to work from home or from another location away from the office. The Administration, through the Office of Personnel Management and the General Services Administration, has implemented a number of initiatives to promote telework in Federal agencies. Between 2001 and 2003, telework use among Federal employees increased 93 percent. In addition, your 2005 Budget included \$5 million for DOL to encourage greater use of scheduling flexibility and telework options in the private sector.

**Remarks Prepared for Delivery by
U.S. Secretary of Labor Elaine L. Chao
Announcement of Personal Reemployment Account Demonstration Projects
Friday, September 24, 2004**

Thank you so much, Chancellor [James H.] McCormick. It's great to be here today with you! I also want to thank Governor [Tim] Pawlenty, Commissioner [Matt] Kramer, Dr. [Cheryl] Frank, and Ann Weyendt for being here with me to announce an important new job training initiative for America's workers.

Last year, President George W. Bush called on Congress to establish Personal Reemployment Accounts. These accounts will give long-term unemployed workers access to up to \$3,000 to create their own, customized back to work program.

So today, I'm delighted to announce that the Labor Department is making the initial down payment on this important initiative. The Department is offering states the opportunity to participate in the first-ever personal reemployment account demonstration projects. This \$9 million initiative be the model for a larger proposal that is part of the President's 2005 budget initiative.

I want to stress that the key feature of these accounts is that workers will control and manage these Personal Re-Employment Accounts themselves. They will be able to use this money for virtually anything they need to find a job. They can purchase job training-such as taking specialized courses at community and technical colleges like this ones represented here today, which they can't do currently. They have to register for a program that's offered only by a local Workforce Investment Board.

Or they can use it to pay for child care or transportation expenses while they take training courses. That's especially important for single moms. Or they can use it to buy tools, uniforms, auto repairs or even to pay for relocation expenses, if they need to move to pursue better job opportunities.

Workers who find a new job within 13 weeks will receive a reemployment bonus-- 60% immediately and the remaining 40% after 6 months on the job.

This is a tremendous step forward in helping unemployed workers find jobs.

The economy is growing stronger every day-as you know in Minnesota, which has an unemployment rate of 4.8%, which is much lower than the national average of 5.4%. But there is still more work to do. And this Administration will not be satisfied until everyone who wants a job can find a job. That's why the President has pioneered this innovative approach for those having the most difficulty finding work. Initially, the Department will offer 9 states the opportunity to pioneer personal reemployment accounts.

I want to stress that Personal Reemployment Accounts will not replace traditional Unemployment Insurance benefits. They are in addition to these benefits. Personal Reemployment Accounts are specifically designed for workers projected to have the most difficulty finding new jobs.

Personal Reemployment Accounts will empower unemployed and dislocated workers with more control over selecting their own training and career paths. It's part of the President's commitment to building an ownership society. That's simply another way of saying that we trust the individual workers to know what training courses to choose and to decide which job options they prefer.

So thank you for being here today.

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DP

COPY
FROM ORMTHE WHITE HOUSE
WASHINGTON

December 3, 2004

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ED0002INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: MARGARET SPELLINGS

FROM: KRISTEN SILVERBERG

SUBJECT: Update on Pell Grants

12/4/04

Purpose

This memo provides information in response to questions you raised regarding the attached New York Times article on Pell Grants.

Discussion

The Pell Grant program provides grants to low- and middle-income students. More than 80% of the roughly 5.3 million Pell Grant recipients have family incomes of less than \$30,000, but a small number of recipients have incomes as high as \$70,000. The following chart displays the current breakdown of Pell Grant recipients by family income.

Award Year 2004-05 Current Law Breakdown of Recipients by Family Income

Family Income	Recipients	% of Total
\$10,000 or less	1,578,822	29.6%
\$10,001 - \$20,000	1,384,043	26.0%
\$20,001 - \$30,000	1,169,037	21.9%
\$30,001 - \$40,000	707,690	13.3%
\$40,001 - \$50,000	344,414	6.5%
\$50,001 - \$60,000	114,249	2.1%
\$60,001 - \$70,000	29,148	0.5%
\$70,001 - \$80,000	4,428	0.1%
Over \$80,000	882	0.0%
	5,332,713	100.0%

In determining whether a student is eligible for a Pell Grant, and how large a grant he or she will receive, the Department of Education (ED) uses a statutory formula that takes into account a number of factors including tuition cost, number of dependents in the family, and the student's after-tax income. To determine after-tax income, the Department deducts the student's actual Federal income tax and the student's estimated state income taxes, which are determined based on data provided by the Internal Revenue Service (IRS).

For most of the 1990s, the IRS failed to provide updated state tax rate information to ED. The Department, as a result, was forced to continue to use state tax data from 1988. Because many states have cut taxes since 1988, using this data overstates many students' actual state taxes and understates their net after-tax income. As a result, many students qualified for higher Pell Grants than they would have using current tax rates.

In May 2003, the IRS provided the Department with state tax data from 2000. Applying this new tax data would have resulted in roughly 95,000 fewer Pell-eligible students and would have reduced the Pell Grant awards that some students would receive under the revised tax tables. The net effect would have reduced Pell costs by about \$300 million. In the FY04 appropriations bill, Congress included a provision that prohibited ED from using the new data to update its state tax tables.

The Administration's FY05 Budget recommended deleting this provision and assumed an update of the tax tables using the 2000 data. However, ED announced in June that it would delay publication of the state tax tables so it could thoroughly review the latest IRS tax data. ED also noted that Congress directed the Advisory Committee on Student Financial Assistance (an independent body) to issue a report on student aid and that the Secretary would consider the preliminary findings of this report. The interim report by the Advisory Committee does not directly address whether the Administration should update the state tax tables.

The FY05 appropriations bill does not contain language prohibiting ED from updating the state tax tables. As a result, it will be necessary to decide no later than December 31 whether to update the tables. Updating the tables using 2001 IRS state tax data, which is the most recent data available, would result in an estimated 80,000 fewer Pell-eligible students (most of whom are middle-income students who would otherwise receive very small Pell Grants). Failing to update the tables would increase Pell Grant costs by \$255 million in FY05, and would require appropriations above what Congress provided for FY05.

There are related questions of whether to propose new reforms to student aid programs, and whether to increase the \$4,050 Pell Grant maximum award. We intend to come back to you in the next two weeks with recommendations from DPC, OMB, and ED on options that preserve your commitment to financial aid programs consistent with budgetary constraints.

New York Times

November 25, 2004

EDITORIAL

Undermining the Pell Grants

Daunted by soaring costs, as many as a quarter of low-income students with grades and test scores that make them prime college material no longer even apply to college. This is bad news at a time when skilled jobs are moving abroad and a college diploma has become the minimum price of admission to the new economy. The Bush administration, however, could actually make this problem worse by cutting the federal Pell grant program, which was developed to encourage poor and working-class students to pursue higher education.

The pending cut could cause as many as 1.2 million low-income students to have their grants reduced - and as many as 100,000 could lose their grants altogether. That inevitably means that students would either drop out or take longer to finish their degrees.

The Pell program, which is meant to help students pay for tuition and other expenses, like books and housing, has been gravely underfinanced for a long time. Congress has tried to mask the problem by tricky bookkeeping. In particular, Congress failed to revise the maximum grant to keep pace with rising costs. Left untouched for a decade, the aid formula is still capped at around \$4,000 a year - far less than what it takes to support a college student. The Republican leadership tried to cut the Pell program by changing the formula for distributing the money in a way that would cut out students who had higher - although still inadequate - family incomes. The leaders backed off when middle-income families protested and student aid threatened to become an issue in the presidential campaign.

Back then, Congress agreed to hold off on any changes until it could look at the student aid problem as a whole during reauthorization of the Higher Education Act, which is due to come before the body next year. But with the election behind it, the Republican leadership has advanced a proposal that could slash the program anyway, by roughly \$300 million. Eliminating the resources to help needy and qualified students go to college will not even put a dent in the nation's growing deficit, but it will greatly diminish opportunities for upward mobility for the nation's youth.

UP

COPY
FROM ORM

THE WHITE HOUSE
WASHINGTON

January 13, 2005

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ED
1/14/05

INFORMATION

MEMORANDUM TO THE PRESIDENT

THROUGH: MARGARET SPELLINGS
FROM: DAVID DUNN AND MARLENE COLUCCI
SUBJECT: Background Memo – Conversation on Higher Education and Job Training

I. Higher Education Student Aid Issues

Your FY06 Budget will call for reforming both the lender-based, guaranteed loan program (Federal Family Education Loans or FFEL) and the Department of Education-based, Direct Loan (DL) program to achieve significant cost savings. The FY06 Budget uses these savings to increase the \$4,050 Pell Grant maximum award by \$500 over the next five years, and to pay off the Pell Grant funding shortfall (which has resulted because Congressional appropriations have fallen short of the dollars needed to cover all Pell-eligible students for the last several years) that has made it difficult for us to propose increases in the maximum award. These Pell Grant increases otherwise would be impossible under tight spending targets. The student loan reforms also will achieve over \$9 billion in deficit reduction over ten years.

Problems in the current FFEL/DL programs prevent them from meeting their policy objectives. Specifically, lender subsidies are set at levels higher than needed to ensure that all eligible students will receive loans in a cost-effective manner, and the Federal government assumes almost the entire risk of the loans. These problems prevent the program from achieving the efficiencies a market-based program would typically provide. The reforms included in your Budget would create savings by cutting excessive subsidies and payments to lenders, state guaranty agencies, and loan consolidators, and they would place a greater share of the loan risks on the lenders.

The reforms create \$32.8 billion in total mandatory savings over 10 years, comprised of:
(a) \$26.8 billion in savings through reforms of the direct and guaranteed student loan programs;
and (b) \$6 billion in savings from the elimination of the Federal Perkins Loan program.

Your FY06 budget will propose to use these savings to provide:

- o \$8.7 billion to pay for proposals in the student loan programs that benefit students that you included in the previous budget, including an increase in the amount of student loans individuals can borrow and a permanent extension of the loan forgiveness for math, science, and special education teachers.
- o \$4.3 billion to pay off the current Pell Grant shortfall. This \$4.3 billion also counts as deficit reduction.
- o \$15.0 billion to increase the Pell Grant maximum award by \$100 a year for the next five years (from FY06 through FY10), to increase the maximum award to \$4,550 from the current \$4,050.
- o \$4.7 billion for additional deficit reduction.

The higher education community – institutions, student, and parent groups – will be very supportive of the Pell Grant increases. They have been calling on Congress to increase Pell awards for years. The lenders will not like the reduction in their subsidies, but opposition may be muted when packaged with the popular increase in Pell grants, which would be difficult for lenders to criticize. In addition, the subset of postsecondary schools that benefit from the Perkins loan program (which serve only 3% of all students) will not support its elimination.

There is a separate issue with respect to Pell Grants that has garnered some press attention. In December, the Department of Education updated the Pell tax tables. Part of the formula for determining eligibility and award amounts under the Pell Grant program is state tax burdens. This table had not been updated since 1988. Updating the tables using 2002 IRS State tax data, which is the most recent data available, eliminates an estimated 80,000 Pell-eligible students (most of whom are middle-income students who would otherwise receive very small Pell Grants). Failing to update the tables would have increased Pell Grant costs by \$255 million in FY05, and would have required appropriations above what Congress provided for FY05. The increase your FY06 Budget provides for Pell Grants more than compensates for the update in the state tax tables. Your Budget would provide Pell Grants to an estimated 5.5 million students, 138,000 more than in FY05.

II. Job Training

You have made a number of proposals to refocus job training programs on results.

You proposed to reform the Workforce Investment Act (WIA) to strengthen accountability, increase state flexibility, and eliminate duplication. Your proposal would consolidate four separate programs with resources totaling \$4 billion into a single state grant. The goal of your reforms is to double the number of workers who receive training (from 200,000 to 400,000) by giving Governors greater flexibility and reducing overhead, strengthen accountability standards, and increase the use of Innovation Training Accounts (ITAs) to give workers more training choices.

While both Houses of Congress passed legislation taking some steps in this direction in the 108th Congress, the Senate never appointed conferees, so the bills eventually died. Congress is expected to take up WIA reform again this Spring.

In addition, you proposed in your FY05 budget to create a new \$250 million direct Federal grant program to help America's community colleges train workers for the high-growth industries that are creating the most new jobs. Congress recently approved this new funding, and your 2006 budget will continue this program.

III. Florida Community College at Jacksonville (FCCJ)

The Florida Community College at Jacksonville (FCCJ) serves 60,000 students each year in more than 200 career training, university transfer, and college preparatory programs through five campuses and five major educational centers, plus one of the nation's largest distance learning programs.

FCCJ is the second largest community college in Florida and has the largest workforce development program in the state. It has extensive high-technology and high-growth programs training adults including programs in computer information technology, aviation, nursing, criminal justice, and early childhood education. Because of its location, it serves more veterans than any other community college in the Nation.

FCCJ partnered with the National Association of Home Builders Institute and other community colleges nationwide under your High-Growth Job Training Initiative to establish Construction Career Academies in ten locations across the country. The Department of Labor has contributed \$4.2 million toward this training partnership, of which FCCJ will receive a portion.

PRESS RELEASES

Department of Education Recognized for Improving Student Aid Programs, Reducing Fraud, Abuse, Waste and Mismanagement

Government Accountability Office removes student aid programs from list of programs at high risk for abuse

ARCHIVED INFORMATION

FOR RELEASE:

January 25, 2005

Contact: Susan Aspey

Jane Glickman

Stephanie Babyak

(202) 401-1576

The U.S. Department of Education's Federal Student Aid office has been removed from the list of government programs at high risk for fraud, waste, abuse and mismanagement, according to a new report from the Government Accountability Office, U.S. Secretary of Education Margaret Spellings announced today.

"This recognition is a significant accomplishment for the Department and reflects the dedication and hard work of talented public servants," Secretary Spellings said. "The Department's diligence in addressing these real financial integrity and management issues has resulted in sustained, meaningful improvements in our student aid programs--improvements which have a direct and positive impact on the students and taxpayers we serve."

The GAO's report on high risk programs is issued every two years and identifies government programs that need urgent attention and transformation in order to ensure that the government functions in the most economical, efficient and effective manner possible.

"We have achieved this valuable result as part of this administration's focus on management and operating effectiveness," Under Secretary of Education Ted McPherson said. "It's the quality of the leadership and management team in place at Federal Student Aid and related areas of the Department that made this breakthrough possible."

"This considerable achievement is the result of the commitment of Federal Student Aid's 1,100 employees," said Terri Shaw, chief operating officer at Federal Student Aid. "I am very proud to be part of the FSA team and I am confident we will continue to improve the quality of our programs, our organization and our value to the millions of students and families we serve."

Federal Student Aid has taken several steps over the past few years to improve its management, including:

- Establishing improved financial management processes at every level, which has resulted in clean audit opinions for Federal Student Aid and the Department of Education's financial statements for fiscal years 2002, 2003 and 2004;

- Reducing the cohort default rate to 5.2 percent in 2002 (the latest year available)--from an all-time high of 22 percent in 1990, when the student aid programs were originally placed on the government's list of high-risk programs; and

Improving the business processes for delivering student aid services, which has resulted in reduced administrative costs and increased productivity gains even as the workload has dramatically increased.

Last year, Federal Student Aid distributed more than \$69 billion in grants, loans and work-study jobs to more than 10 million students and families attending over 6,200 postsecondary institutions and managed an outstanding loan portfolio of \$357 billion.

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PRESS RELEASES

President's FY 2006 Budget Focuses Resources on Students Who Need Them the Most

President Bush proposes high school initiative, more assistance to help students pay for college

Budget includes funding increases for special education, Title I

ARCHIVED INFORMATION

FOR RELEASE:

February 7, 2005

Contact: Susan Aspey, Ed Walsh
or Samara Yudof
(202) 401-1576

President Bush today unveiled his plans to build upon the success of the historic *No Child Left Behind* education reforms by submitting a budget request for 2006 that provides \$56 billion in discretionary funding for the U.S. Department of Education. Since taking office, President Bush has increased education funding by \$13.8 billion, or 33 percent.

The president's 2006 budget request continues his strong commitment to educational excellence for all children and exercises fiscal discipline by focusing on programs that work. The budget directs taxpayer resources to the students who need them the most—including funding increases to help states and school districts implement *No Child Left Behind*, the president's sweeping education reform law. It also saves taxpayers' money by proposing to stop funding programs that duplicate efforts already underway or that have been proven ineffective.

President Bush has proposed nearly \$1.5 billion for a new initiative to ensure high school students graduate with the skills they need to succeed in college or the workforce; a \$603 million increase in Title I grants to help the neediest local schools implement *No Child Left Behind*; and a \$508 million increase for special education grants to states so that all children, including those with disabilities, have the opportunity to reach their full academic potential.

President Bush's 2006 budget also includes a record \$13.7 billion for the Pell Grant program to increase the maximum grant to \$4,150 and help an estimated 5.5 million low-income students pay for their higher education. The president's budget is a common-sense approach that would improve the effectiveness of the student aid programs while reducing program costs and subsidies to private lenders. The savings generated from the student aid reforms would result in a \$19 billion investment in the Pell Grant program over the next 10 years, including the funds needed to provide a \$500 increase in the maximum award over the next five years (including the \$100 increase for FY 2006) and \$4.3 billion to eliminate the current funding shortfall. In total, the Department of Education will administer more than \$78 billion in grants, loans and work-study assistance to more than 10 million students and parents in FY 2006.

"Three years ago, President Bush made a commitment to provide a quality education for every child, and to close the achievement gap that plagued our schools and society," U.S. Secretary of Education Margaret Spellings said. "The president has delivered on his promise—thanks to *No Child Left Behind*, our nation's schools are making great strides toward ending the 'soft bigotry of low expectations' and ensuring that all children have the opportunity to learn.

"But the job's not done. In the 21st century, education is not confined to the four walls of the schoolhouse and learning does not end when you are handed your diploma. Our future

is one of flexibility and change. Whether they choose higher education or the workforce, our young adults must have the skills needed to take full advantage of all the opportunities that await them.

"High schools are the portal to the future. A high school diploma must be a ticket to success in the 21st century. We've all seen the studies that show American students are losing significant ground in reading and math scores as they enter high school. We can do better, and our students deserve better." Among the highlights of the 2006 budget request are:

Extending the Success of *No Child Left Behind* to High Schools

Our high schools must adapt to the 21st century: Just two-thirds of students entering ninth grade will receive their diploma within four years—and fewer than four out of 10 will directly enter college. President Bush has a plan to change this. The president's 2006 budget includes:

- \$1.24 billion to improve the academic achievement of students at risk of falling behind or dropping out;

- \$250 million to measure student performance in reading/language arts and math in high school;

- \$200 million—a \$175 million increase—for the Striving Readers program to improve the reading skills of teenage students;

- \$120 million—a \$90 million increase—for the Math and Science Partnership to help struggling students reach grade level; and

- \$125 million for a new Community College Access program to support "dual enrollment" by high school students who take college-level courses.

Continuing Our Commitment to Students in Need

President Bush's 2006 budget focuses substantial resources on making the most difference for students most in need: President Bush's 2006 budget request builds on the momentum of the *No Child Left Behind Act*, which is improving academic performance across the nation. The president's budget includes:

- \$25.3 billion—an overall increase of nearly \$1 billion—for the *No Child Left Behind Act*;

- \$13.3 billion—a \$603 million or 4.7 percent increase—for Title I grants to help local school districts improve low-performing schools, enhance teacher quality and expand choices for students and parents. If enacted, the request would be an overall increase of \$4.6 billion—52 percent—in Title I funding since the passage of the *No Child Left Behind Act*; and

- \$11.1 billion—a \$508 million increase—for special education grants to states, a 75 percent increase for students with disabilities since 2001.

Giving Parents More Options and Teachers the Tools They Need to Help Students Achieve

Highly qualified teachers and highly involved parents are the keys to a quality education: President Bush's budget includes several proposals aimed at helping our

teachers help their students and giving parents more choices about their child's education, including:

\$500 million for a Teacher Incentive Fund to attract and reward the very best teachers for high-risk, high-poverty schools;

Making permanent the increase in loan forgiveness from \$5,000 to \$17,500 for highly qualified math, science and special education teachers who serve low-income communities;

\$50 million for a Choice Incentive Fund to give parents more opportunities to transfer their children to better-performing schools; and

\$219 million for charter schools, including \$37 million to help charter schools acquire, lease and renovate their facilities.

Helping More Students Afford a Higher Education

Access to college should not depend on financial success: Higher education is increasingly becoming a need, not an option, in the 21st century. Nearly two-thirds of the fastest-growing jobs will require a higher education. And workers must be able to refine and broaden their skills on their timetable, not the government's. President Bush's 2006 proposed budget includes:

A record \$13.7 billion for the Pell Grant program, which would increase the maximum grant award by \$100 to \$4,150 in FY 2006 and help an estimated 5.5 million students pay for their higher education;

A \$19 billion investment in the Pell Grant program over the next 10 years, including the funds needed to provide a \$500 increase in the maximum award over the next five years (including the \$100 increase for FY 2006) and \$4.3 billion to eliminate the current funding shortfall.

\$33 million for a new Enhanced Pell Grant program to provide up to an additional \$1,000—for a total maximum award of \$5,150—to students who complete the rigorous state scholars curriculum in high school; and

\$50 million for a new Presidential Math-Science Scholars program to provide up to \$5,000 to low-income students pursuing math and science studies.

Spending Resources More Effectively

Taxpayers' money must be spent responsibly: President Bush's 2006 budget frees up nearly \$4.3 billion in savings by changing or eliminating dozens of wasteful, duplicative or ineffective programs, including:

The \$205 million Comprehensive School Reform program, which duplicates activities already being carried out through Title I grants to local school districts; and

The \$225 million Even Start program, which three separate national studies have shown has produced no significant gains in literacy skills among children or adults.

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FROM ORM

THE WHITE HOUSE
WASHINGTON

March 1, 2005

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INFORMATION

MEMORANDUM TO THE PRESIDENT

THROUGH: CLAUDE A. ALLEN

FROM: MARLENE COLUCCI AND JESS SHARP

SUBJECT: Background Memo – Conversation on Higher Education and Job Training

Background

The Federal government will spend about \$16 billion this year for 41 separate training and employment programs overseen by ten agencies. Many of the programs are inefficient, do a poor job of training, and lack accountability.

Previous Job Training Reform Proposals

During your first term, you proposed to reform the Workforce Investment Act (WIA) to strengthen accountability, increase state flexibility, and eliminate duplication. Since WIA's original enactment in 1998, 41 states have asked the Federal government for 162 waivers to gain the flexibility needed to respond to economic conditions. Your April 2004 proposal would consolidate the four core WIA programs – Adult Training, Dislocated Worker Training, Youth Services, and Employment Services – and their respective funding streams into a single, \$4 billion state formula grant. (The top part of the chart on page 3 shows your proposal.) The goal of these reforms is to double the number of workers who receive training from 200,000 per year to 400,000 per year.

Last year, the House was supportive of the consolidation proposal in the WIA reauthorization bill, but the Senate was not. The bills eventually died before going to conference. The House will bring a similar proposal to the floor later this week. The Senate Health Education Labor and Pension Committee (HELP) is scheduled to consider WIA reauthorization in April.

New FY 06 Budget "WIA Plus" Proposal

In your FY 06 budget, you called on Congress to take even more aggressive steps to improve job training programs. The previous reform proposal applied to four state formula grants from the Department of Labor (DOL) and to \$4 billion of the \$16 billion spent on job training. Under your new "WIA Plus" proposal, Governors could have the same flexibility and control over a larger pot of money by choosing to include – as part of the formula grant – money from other programs that provide training services, including Veterans Employment, Trade Adjustment Assistance Training, Vocational Rehabilitation, Adult Education, and Food Stamp Employment and Training. The benefit of doing so for Governors would be flexibility over more job training

money; the downside for Governors is that money may be perceived to be taken away from programs that are politically popular.

Accountability

Your new proposal requires accountability in exchange for flexibility. Under your proposal, within ten years, all states must find a job for every worker trained with Federal dollars under this program. DOL will work with each state to set annual goals toward full employment while also setting state-by-state goals and tracking progress on job retention and earnings change. State performance would be ranked and released publicly each year. States that fail to meet their annual goals may have up to 5% cut from their formula grant.

States will approve training providers to ensure that each yields an industry-recognized degree, license, or certification, or otherwise trains workers in high-demand skills. Only state-approved institutions will be eligible to train Federal participants. Training providers, including community colleges, will be required to track employment, retention, and earnings outcomes of their Federal enrollees, and Governors could decertify training providers (after a probationary period) if they fail to meet state employment goals.

Stakeholder Response

To date, Governors have not pushed aggressively for WIA reforms. We are urging them to engage more aggressively. WIA Plus will be opposed by state bureaucracies, unions, and incumbent members of many state and local Workforce Investment Boards because they will all be held to higher performance standards and may expect the proposal to lead to reductions in funding and services. Civil rights, veterans, and disabled communities may also oppose it because they could lose their special, separate funding if Governors use the menu option.

Community College Program

In 2004, you proposed and Congress enacted for FY 05 a \$250 million program for grants to community colleges. Your FY 06 Budget again proposes \$250 million for this program.

Anne Arundel Community College

Anne Arundel Community College (AACC), located just outside Baltimore, was established in 1962 and has a total enrollment of 11,761 students. AACC is the third-largest community college in Maryland's 16-institution community college system. The president of Anne Arundel Community College is Martha (Marty) A. Smith, Ph.D. AACC is regarded as innovative, entrepreneurial, and responsive to the business community. The college has two satellite centers (Glen Burnie and Arundel Mills).

AACC is an eligible WIA training provider and a partner in the "School at Work" project. This project is funded by the Department of Labor and provides distance learning classes at health care sites for those wanting to upgrade their skills. The State of Maryland Governor's Workforce Investment Board received a \$1.5 million grant from the Department of Labor to establish a state model for high growth job training in the field of health care. AACC President Marty Smith is a member of the Governor's Workforce Investment Board and the League for Innovations Advisory Board.

WIA Plus Resources
(in millions)

Consolidated WIA State Grant (DOL)		2005 Enacted	2006 Budget
1	Adult Training	\$891	These four programs are consolidated into one grant
2	Dislocated Worker Training	\$1,344	
3	Youth Training	\$986	
4	Employment Services	\$838	
Subtotal		\$4,059	\$3,913
NEW MENU OPTIONS			
1	Veterans Employment (DOL)	\$190	\$192
2	Trade Adjustment Assistance Training (DOL)	\$243	\$259
3	Vocational Rehabilitation (Ed)	\$2,636	\$2,720
4	Adult Education (Ed)	\$570	\$200
5	Food Stamp Employment & Training (USDA)	\$308	\$295
Subtotal		\$3,947	\$3,666
TOTAL		\$8,006	\$7,579

PRESS RELEASES

Secretary Spellings Announces New Commission on the Future of Higher Education

ARCHIVED INFORMATION

FOR RELEASE:

September 19, 2005

Contacts: Stephanie Babyak or Jane Glickman
(202) 401-1576

U.S. Secretary of Education Margaret Spellings today announced the formation of the Secretary of Education's Commission on the Future of Higher Education. The new commission is charged with developing a comprehensive national strategy for postsecondary education that will meet the needs of America's diverse population and also address the economic and workforce needs of the country's future.

Speaking at the University of North Carolina in Charlotte, Spellings said, "It is time to examine how we can get the most out of our national investment in higher education. We have a responsibility to make sure our higher education system continues to meet our nation's needs for an educated and competitive workforce in the 21st century."

Former North Carolina governor James B. Hunt joined Spellings at the UNC event and will serve on the new 19-member commission, along with university presidents, CEOs, policymakers, and researchers.

Spellings said the commission will engage students and families, policymakers, business leaders, and the academic community in a national dialogue about all key aspects of higher education. Through public hearings to be held around the country, the commission will attempt to answer questions such as: What skills will students need to succeed in the 21st century? How can we make sure America stays the world's leader in academic research? And, how can we make sure opportunities for quality higher education and best jobs are open to all students?

Spellings noted that the achievement gap is closing and test scores are rising among our nation's younger students, due largely to the high standards and accountability measures called for by the No Child Left Behind Act. More and more students are going to graduate ready for the challenges of college, she said, and we must make sure our higher education system is accessible and affordable for all these students.

"We should send students a clear message: If you work hard, you can go to college—regardless of how much money your parents make," Spellings concluded. "I hope parents, students, and community members will take an active role in the commission's work. We all have a big stake in the outcome."

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Note to Editors: A list of commission members is attached.

A National Dialogue: The Secretary of Education's Commission on the Future of Higher Education

Commission Roster

Carol Bartz
Chairman of the Board, President and CEO
Autodesk, Inc.

Nicholas Donofrio
Executive Vice President for Innovation and Technology
IBM

James Duderstadt
President Emeritus
University Professor of Science and Engineering
Director, The Millennium Project
University of Michigan

Gerri Elliott
Corporate Vice President
Worldwide Public Sector
Microsoft Corporation

Kati Haycock
Director
The Education Trust

The Honorable James B. Hunt, Jr.
Chairman, James B. Hunt, Jr. Institute for Educational Leadership and Policy
Former Governor of North Carolina

Jonathan Grayer
Chairman and CEO
Kaplan, Inc.

Arturo Madrid
Murchison Distinguished Professor of the Humanities
Department of Modern Languages and Literatures
Trinity University

Robert Mendenhall
President
Western Governor's University

Charles Miller
Private Investor
Former Chairman of the Board of Regents, University of Texas System

Charlene R. Nunley
President
Montgomery College

The Honorable Arthur J. Rothkopf
Senior Vice President and Counselor to the President
U.S. Chamber of Commerce
President Emeritus, Lafayette College

Richard Stephens
Senior Vice President, Human Resources and Administration
The Boeing Company

The Honorable Louis Sullivan
President Emeritus, Morehouse School of Medicine
Former Secretary of the U.S. Department of Health and Human Services

Sara Martinez Tucker
President and CEO
Hispanic Scholarship Fund

Richard Vedder
Adjunct Scholar, American Enterprise Institute
Distinguished Ohio University Professor of Economics

Charles M. Vest
President Emeritus
Professor of Mechanical Engineering
Massachusetts Institute of Technology

David Ward
President
American Council on Education

Robert Zemsky
Chair and Professor
The Learning Alliance for Higher Education
University of Pennsylvania

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President's Remarks at U.S. University Presidents Summit on International Education

U.S. Department of State
Washington, D.C.

In Focus: Education

3:50 P.M. EST

THE PRESIDENT: Thank you all. Madam Secretary, it's your building, you can give my speech, if you want to. (Laughter.)

But first, our nation sends our deepest sympathies to Ariel Sharon. He lies immobilized in an Israeli hospital. We pray for his recovery. He's a good man, a strong man, a man who cared deeply about the security of the Israeli people and a man who had a vision for peace. May God bless him.

Madam Secretary, thanks for having me. I'm here to let the good folks know here how strongly I support the national security language initiative. I've had a little problem with the language in the past, so -- (laughter.) If you've got room in the initiative for me, let me know. (Laughter.) Condi said, come on by, we've got a bunch of university presidents here. And I said, great, just so long as we don't have to compare transcripts. (Laughter.) She's the Ph.D., I'm the President. (Laughter and applause.)

She's a heck of a Secretary of State, though. And Don Rumsfeld is a heck of a Secretary of the Defense, and I want to thank you both for joining together on this initiative. It's interesting, isn't it, that the State Department and the Defense Department are sponsoring a language initiative. It says something about the world we live in. I felt certain that the Secretary of Education would be here. After all, we're talking about education. And I want to thank you for being here, Margaret. But I also find it's interesting you're sitting next to John Negroponte, who is the Director of National Intelligence.

In other words, this initiative is a broad-gauged initiative that deals with the defense of the country, the diplomacy of the country, the intelligence to defend our country, and the education of our people. And it's an important initiative, and I'm going to tell you why in a second. But thank you for joining your -- together to make this happen.

I want to thank Deputy Secretary of State Bob Zoellick, and I want to thank the Chairman of the Senate Foreign Relations Committee, Senator Lugar from Indiana. Senator Pat Roberts from Kansas is with us. I think you'll find this interesting: He has promoted the advanced study of foreign languages through the Pat Roberts Intelligence Scholars Program. Thanks for doing that.

And I want to thank Congressman Rush Holt for being here, as well. Thank you for coming, Rush. Thanks for taking time.

I appreciate all the Ambassadors who are here. I'm scanning the room. I see a few familiar faces, and thanks for serving. What the heck are you doing here? Like, you're supposed to be -- (laughter.) The deal was overseas. (Laughter.)

We're living in extraordinary times. I wish I could report to you the war on terror was over. It's not. There is still an enemy that lurks, that wants to hurt us. I hate to report that to the American people, but my duty is to lay it out as plainly as I possibly can. And that's the truth.

And so the fundamental question is, how do we win? What do we do? Well, in the short-term, our strategy is to find them and bring them to justice before they hurt us. In other words, we've got to stay on the

offense. We've got to be unyielding and never give them a, you know, a breath of fresh air, never give them a hope that they can succeed. It's the only way to do it. We must defeat them in foreign battlefields so they don't strike us here at home.

And that's one of the reasons why the Secretary of Defense is here. He wants his young soldiers who are the front lines of finding these killers to be able to speak their language and be able to listen to the people in the communities in which they live. That makes sense, doesn't it, to have a language-proficient military -- to have people that go into the far reaches of this world and be able to communicate in the villages and towns and rural areas and urban centers, to protect the American people.

We need intelligence officers who, when somebody says something in Arabic or Farsi or Urdu knows what they're talking about. That's what we need. We need diplomats -- when we send them out to help us convince governments that we've got to join together and fight these terrorists who want to destroy life and promote an ideology that is so backwards it's hard to believe. These diplomats need to speak that language.

So our short-term strategy is to stay on the offense, and we've got to give our troops, our intelligence officers, our diplomats all the tools necessary to succeed. That's what people in this country expect of our government. They expect us to be wise about how we use our resources, and a good use of resources is to promote this language initiative in K through 12, in our universities. And a good use of resources is to encourage foreign language speakers from important regions of the world to come here and teach us how to speak their language.

You're going to hear a lot about the specifics of the program. What I'm trying to suggest to you that this program is a part of a strategic goal, and that is to protect this country in the short-term and protect it in the long-term by spreading freedom. We're facing an ideological struggle, and we're going to win. Our ideology is a heck of a lot more hopeful than theirs.

You can't have an ideology that works if you say to half the population in a part of the world, you have no rights. You can't say to a group of people, my ideology is better than freedom, and if you speak out you're going to get -- you'll be tortured.

You see, freedom is the ideology that wins. We got to have confidence in that as we go out. But you can't win in the long run for democracy unless you've got the capacity to help spread democracy. You see, we got to convince people of the benefits of a free society. I believe everybody desires to be free. But I also know people need to be convincing -- convinced -- I told you I needed to go to language school. (Laughter.) And you can't convince people unless you can talk to them. And I'm not talking to them right now directly; I'm talking through an interpreter on some of these Arabic TV stations.

But we need people in America who can go and say to people, living in freedom is not the American way of life, it is a universal way of life. We're not saying your democracy has to be like yours. We're just saying give your people a chance to live in a free society; give women a chance to live freely; give young girls a chance to be educated and realize their full potential.

And the best way to do that is to have those of us who understand freedom be able to communicate in the language of the people we're trying to help. In order to convince people we care about them, we've got to understand their culture and show them we care about their culture. When somebody comes to me and speaks Texan, I know they appreciate the Texas culture. (Laughter.) I mean, somebody takes time to figure out how to speak Arabic, it means they're interested in somebody else's culture. Learning a language -- somebody else's language is a kind gesture. It's a gesture of interest. It really is a fundamental way to reach out to somebody and say, I care about you. I want you to know that I'm interested in not only how you talk but how you live.

In order for this country to be able to convince others, people have got to be able to see our true worth in our heart. And when Americans learn to speak a language, learn to speak Arabic, those in the Arabic region will say, gosh, America is interested in us. They care enough to learn how we speak.

One of the great programs we've got here in America in terms of people understanding how we think and how we act is these scholarships we provide to our universities. I know this isn't the topic the Secretary assigned me to talk about, but it's one I'm going to talk about anyway. We want young kids from around the world coming to our universities. It's in our national interest that we solve visa issues and make sure that -- (applause.) We have been calibrating the proper balance after September the 11th, and I fully understand some of your frustrations, particularly when you say the balance wasn't actually calibrated well. But we're going to get it right, because the more youngsters who come to America to get educated, the more likely it is people in the world will understand the true nature of America.

You can't figure out America when you're looking on some of these TV stations -- you just can't -- particularly given the message that they spread. Arabic TV does not do our country justice. They put out some kind -- sometimes put out propaganda that just is -- just isn't right, it isn't fair, and it doesn't give people the impression of what we're about. You bring somebody here to college, it doesn't matter what's on TV, they see firsthand the compassion of the United States of America. They get to see firsthand that we don't discriminate based upon religion. They get to see firsthand the multicultural society in which we live, all united under the fabric of freedom. That's what they get to see.

And so I'm working with Condi, and she's working with others, to work with you, to make sure these youngsters are able to come to our universities. I'll tell you what's really neat, is to sit down with leaders from around the world, welcome them in the Oval Office or go to their office, they say, you know, Mr. President, I went to Texas A&M, or I went to Stanford -- like President Toledo of Peru. I mean, it is -- it makes it so much easier to conduct foreign policy and diplomacy when you've got that common ground of being able to talk about a university experience here in the United States. It makes it so much easier to be able to advance the interests of this country when you're dealing with a leader who doesn't have a preconceived notion about what America is all about, because he spent time studying here in the United States.

We're going to teach our kids how to speak important languages. We'll welcome teachers here to help teach our kids how to speak languages. But we're also going to advance America's interests around the world and defeat this notion about our -- you know, our bullying concept of freedom by letting people see what we're about. Let them see firsthand the decency of this country.

And so, Madam Secretary, in front of these presidents, you and I vow that we'll find that proper balance between security and letting people come to our universities for the good of this country.

I -- there is no doubt in my mind we will win the war on terror. There's no doubt in my mind that Afghanistan will remain a democracy and serve as an incredible example. For those of you in education, you might remember this was a country that refused to educate young girls. And now, young girls in most of Afghanistan are going to school.

Iraq -- we'll succeed in Iraq. It's tough. And the reason it's tough is because a handful of killers wants to stop the advance of freedom for a reason. Democracy in the heart of the Middle East is a major defeat to their ideology and their ambitions.

And it's hard work. What you're seeing on your TV screen is hard work. But we've done, as Condi said, hard work before. We have defeated fascism in the past. We defeated communism in the past. And we will defeat this ideology of hatred. But it's going to take all the tools at our disposal.

One of the stories I like to share with people is this. I -- one of my best buddies in international politics is Prime Minister Koizumi of Japan. He's an interesting person. Elvis was his favorite singer, for example. (Laughter.)

Every time I meet with him, it strikes me as an amazing fact of history that Number 41, President 41, at age 18 fought the Japanese, and 43, his son, is sitting down with the Prime Minister working on keeping the peace. It's amazing to me. And something happened between 41 going into combat and 43 talking to the Prime Minister whether it be about troops in Iraq to help this young democracy flourish in the heart of

the Middle East, or whether it be dealing with the leader of North Korea who is starving his people to death, and how do we solve that? What do we do about it?

And what happened was that the Japanese adopted a Japanese-style democracy. It wasn't an American-style democracy; it was Japanese-style democracy. And that society, that form of government was able to convert an enemy to an ally. And that's what's happening. I live it when I talk to the Prime Minister. I see it firsthand. It's a real part of my family's life.

Someday, an American President is going to sit down and thank this generation for having the willpower and the determination to see to it that democracy has a chance to flourish in a part of the world that is desperate for democracy. Someday somebody is going to say -- (applause) -- somebody someday will say we're able to more likely keep the peace because this generation of Americans had confidence in our capacity to work with others to spread freedom.

And that's what we're facing today, and the stakes are high. It's an exciting time to be here in Washington, D.C. It's a fantastic opportunity to serve our country. And I want to thank those of you who are serving it in government. And I want to thank those of you who serve it through higher education. There's no greater gift to give a child than the chance to succeed and realize his or her dreams. And you're doing that.

Appreciate you giving me a chance to come by and tell you what's on my mind. May God bless our country. (Applause.)

END 4:00 P.M. EST

AMERICAN COMPETITIVENESS INITIATIVE

DOMESTIC POLICY COUNCIL
OFFICE OF SCIENCE AND TECHNOLOGY POLICY

FEBRUARY 2006

My fellow Americans,

One of the great engines of our growing economy is our Nation's capacity to innovate. Through America's investments in science and technology, we have revolutionized our economy and changed the world for the better. Groundbreaking ideas generated by innovative minds in the private and public sectors have paid enormous dividends—improving the lives and livelihoods of generations of Americans.

To build on our successes and remain a leader in science and technology, I am pleased to announce the *American Competitiveness Initiative*. The *American Competitiveness Initiative* commits \$5.9 billion in FY 2007 to increase investments in research and development, strengthen education, and encourage entrepreneurship. Over 10 years, the Initiative commits \$50 billion to increase funding for research and \$86 billion for research and development tax incentives. Federal investment in research and development has proved critical to keeping America's economy strong by generating knowledge and tools upon which new technologies are developed. My 2007 Budget requests \$137 billion for Federal research and development, an increase of more than 50 percent over 2001 levels. Much of this increased Federal funding has gone toward biomedical research and advanced security technologies, enabling us to improve the health of our citizens and enhance national security. We know that as other countries build their economies and become more technologically advanced, America will face a new set of challenges. To ensure our continued leadership in the world, I am committed to building on our record of results with new investments—especially in the fields of physical sciences and engineering. Advances in these areas will generate scientific and technological discoveries for decades to come.

The bedrock of America's competitiveness is a well-educated and skilled workforce. Education has always been a fundamental part of achieving the American Dream, and the No Child Left Behind Act is helping to ensure that every student receives a high-quality education. Accountability and high standards are producing positive results in the classroom, and we can do more to provide American students and workers with the skills and training needed to compete with the best and brightest around the world. Building on our successes, the *American Competitiveness Initiative* funds increased professional development for teachers, attracts new teachers to the classroom, develops research-based curricula, and provides access to flexible resources for worker training.

As we increase investments in research and development, strengthen education, and provide more flexible training for workers, we continue to keep taxes low, avoid unnecessary and burdensome regulations, promote free and fair trade, maintain the integrity of our markets, and foster entrepreneurship. Over the past five years, my Administration has lowered taxes to create more jobs, opened new markets to U.S. products and services, created incentives for private sector innovation, and protected intellectual property rights.

America's economy is strong and getting stronger. My 2007 Budget recognizes the importance of innovation to our economic future—fostering and encouraging all the components that make our economic engine the envy of the world. In partnership with the private sector, State and local governments, and colleges and universities, the *American Competitiveness Initiative* will promote new levels of educational achievement and economic productivity. With the right policies, we will maintain America's competitive edge, we will create more jobs, and we will improve the quality of life and standard of living for generations to come.

GEORGE W. BUSH
THE WHITE HOUSE
February 2, 2006

PRESS RELEASES

Fiscal Year 2007 Budget Request Advances NCLB Implementation and Pinpoints Competitiveness

President's budget supports new math and science instruction and high school reform; targets resources and eliminates 42 programs proven ineffective, saving \$3.5 billion

FOR RELEASE:
February 6, 2006

Contacts: Susan Aspey, Chad Colby,
Valerie Smith
(202) 401-1576

Washington — President Bush today announced a FY 2007 Department of Education budget request that reaffirms his historic commitment to close the achievement gap among our nation's students and provide a quality education for every child. The President's budget includes funding for *No Child Left Behind* that would increase to \$24.4 billion, up 4.6 percent from 2006 and up 40 percent since 2001. Support for Title I Grants to local educational agencies is strong at \$12.7 billion, an increase of 45 percent since the enactment of NCLB. The budget includes \$380 million for new or increased funding for math and science programs aimed at giving students the skills they need to become competitive workers in the global economy of the 21st century.

In a budget season marked by the President's determination to support what works and cut the Federal budget deficit in half by 2009, the Education budget demonstrates an effort to eliminate underperforming programs while increasing resources that promote the competitiveness of our students and our nation. President Bush requests \$54.4 billion in discretionary appropriations for the Department of Education in fiscal year 2007, a decrease of \$3.1 billion, or 5.5 percent, from the 2006 level. Much of the decrease is based on a 2006 funding level inflated by one-time costs for Hurricane Katrina relief. Even with the proposed reduction, discretionary appropriations for education would be up more than \$12 billion, or 29 percent, since fiscal year 2001.

"This budget request soundly targets resources where they are needed most and working best," said Secretary Margaret Spellings. "It will enable us to continue to deliver results for all children under *No Child Left Behind*, and it tackles our vital priority to improve our global competitiveness by targeting achievement in math and science. The President made all of this possible in a post-Katrina environment while upholding his commitment to reduce the deficit."

This year's 4.6 percent increase in NCLB spending includes increased resources under the American Competitiveness Initiative, promoting stronger instruction in math, science and foreign language in early grades and more challenging coursework in high schools. Math Now programs giving students solid instruction in math, increased incentives to take and teach Advanced Placement courses, and programs to encourage foreign language instruction from K-12 and beyond will ensure that our students are better prepared to complete college and compete in the global workforce.

To bring high standards and accountability to our nation's high schools, the President proposes \$1.475 billion in High School Reform formula grants to focus more attention on at-risk students struggling to reach grade level in reading and math. The High School Reform initiative provides funding for activities such as dropout prevention and efforts to increase the rigor of the high school curriculum and require reading and math assessments in two additional high school grade levels to give educators better data to keep all students on

track towards graduation. Achieve, Inc., a bipartisan non-profit organization with the goal of helping states raise academic standards, found that only one out of five high school students say they were challenged by their high school academic expectations. The nation's high schools must serve students better.

In this sixth year of funding for *No Child Left Behind*, states and school districts have more comprehensive data than ever before to identify which schools and districts are in need of improvement. The FY 2007 request provides support to states to help turn around low-performing schools that are in need of improvement or restructuring. The request maintains support for Title I Grants to local educational agencies at \$12.7 billion and, for the first time, the President proposes \$200 million for the Title I School Improvement Grant Program for schools identified in need of improvement, corrective action or restructuring.

These increases for new initiatives and priorities are possible through \$3.5 billion in savings by eliminating funding for 42 duplicative or unnecessary programs. The reductions reflect the President's priority to decrease the federal deficit and target taxpayer dollars to those programs with the greatest promise of improving student outcomes.

"Since the implementation of *No Child Left Behind*, we have seen that high standards, good teachers and accountable schools help every student make great strides in performance," said Secretary Spellings. "Yet as we survey the global landscape, it is clear that our international competitors have learned from our example. To ensure that America's students become the groundbreaking researchers and leaders of tomorrow, we must transform the way we educate our children today.

"Cementing our status as a world leader in innovation requires stronger, earlier math and science instruction, rigorous coursework throughout a student's career and particularly in the crucial stage of high school, and the understanding of the world that starts with mastering a foreign language. These simple, measurable steps will benefit generations of Americans for years to come.

"These new priorities will not undermine our long-standing commitments to help every child receive a quality education. We are funding new Title I programs, proposing funding for dropout prevention, increasing special education grants to States, and giving parents more and better choices to stay involved in their children's education. If this is a new day for American competitiveness, we live in the same era of unswerving excellence in education."

Among the highlights of the FY 2007 budget request are:

Preparing America's Students for Global Competition. \$380 million under the American Competitiveness Initiative will strengthen math and science instruction in our elementary and secondary schools, including:

\$125 million for the Math Now for Elementary School Students initiative, modeled after Reading First, to prepare K-7 students for more rigorous courses in later years;

\$125 million for a new Math Now for Middle School Students initiative, based on the principles of the Striving Readers program, to support research-based math interventions in middle schools;

\$10 million for a National Mathematics Panel to identify key mathematics content and instructional principles to create a research base for teachers and guide the implementation of the Math Now programs;

\$5 million for an Evaluation of Mathematics and Science Programs that would determine which federal education programs are the most effective in raising achievement in math and science and how they can be coordinated to save taxpayer money;

A \$90 million increase for Advanced Placement to train 70,000 additional teachers for math, science and foreign language AP-IB courses and increase the number of students taking and passing AP-IB tests in those subjects; and

\$25 million for the Adjunct Teacher Corps to encourage qualified professionals to teach high school courses with an emphasis on math and science.

Applying High Standards and Accountability to our High Schools. \$1.475 billion in High School grants will support interventions and high school assessments in two additional grade levels. The program aims to improve the academic achievement of those students at greatest risk of not meeting state academic standards or completing high school.

\$100 million for the Striving Readers Program would significantly expand research-based interventions to improve the skills of students who are reading below grade level.

Increasing National Security and Global Competitiveness through Foreign Languages. A \$35 million increase, for a total of \$57 million, for the Education portion of the President's National Security Language Initiative is designed to significantly increase the number of American students and workers learning critical need foreign languages such as Arabic, Chinese, Korean and Russian.

Extending the Spectrum of Improvement Under *No Child Left Behind*. With the key elements of assessments, accountability systems, choices for parents, and highly qualified teachers already in place, states and school districts require support to turn around schools identified as in need of improvement. That support will include:

\$12.7 billion for Title I Grants to Local Educational Agencies, the same as the 2006 level, to help state and local efforts to meet the accountability and teacher quality requirements of NCLB;

\$200 million for a new Title I School Improvement Grant program to help states build statewide support systems for LEA and school improvement to meet NCLB proficiency goals; and

\$55 million for Statewide Data Systems, an increase of \$30 million, to increase support for state longitudinal data systems, to improve graduation and dropout data, and to help states comply with federal reporting requirements.

More Options for Parents. While states have made improvements to implement NCLB choice options, there are still too few alternatives in many districts for parents seeking a quality education for their children. The 2007 would increase this range with:

\$100 million for a new America's Opportunity Scholarships for Kids program, which would provide parents of students enrolled in schools identified as in need of restructuring with more opportunities to transfer their children to a private school or obtain supplemental services.

Achievement for Students with Disabilities. *No Child Left Behind* is helping to complete the work launched by the Individuals with Disabilities Education Act (IDEA) 30 years ago. The FY 2007 request includes yet another increase for IDEA, including:

A \$100 million increase for IDEA Part B State Grants, for a total of \$10.7 billion—an increase of 69% since 2001.

Helping Students Afford Higher Education. The Higher Education Reform Act reduces unnecessary subsidies and payment to lenders, guaranty agencies, and loan consolidators and makes more assistance available to students, including:

\$850 million for Academic Competitiveness and National SMART Grants to provide grants of up to \$1,300 to high-achieving first- and second-year students who have completed a rigorous high school curriculum. Third- and fourth-year students majoring in math, science, technology, engineering or critical foreign languages and maintaining a 3.0 average could receive up to \$4,000 annually;

\$17,500 per teacher in expanded teacher loan forgiveness for highly qualified math, science and special education teachers serving challenging, low-income communities;

\$12.7 billion for Pell Grants, to maintain the maximum award at \$4,050 for 5.3 million students, an increase of 59,000 students over 2006.

Spending Taxpayer Dollars Wisely. To save \$3.5 billion in taxpayer dollars, the President's budget recommends eliminating 42 programs proven ineffective.

For information about improving accountability in programs across the Federal government, please visit the new website <http://www.expectmore.gov/>. With this website, taxpayers can see which programs work, which do not, and what the Federal government is doing to improve. ExpectMore.gov will improve not only transparency, but also accountability in all Federal programs.

Information about the Advanced Placement Incentive Program, Choices for Parents, the Math Now programs, and the National Security Language Initiative are available at www.ed.gov.

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Academic Competitiveness and National SMART Grants

To meet the growing need for improved math and science instruction, on Feb. 8, 2006 President Bush signed into law two new student grant programs--the Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent (National SMART Grant) Programs. These grants will encourage students to take more challenging courses in high school--making success in college more likely, according to research--and to pursue college majors in high demand in the global economy, such as science, mathematics, technology, engineering and critical foreign languages.

Academic Competitiveness Grants will be available to students for their first and second academic years of college. National SMART Grants will be available to students for their third and fourth academic years of college.

Academic Competitiveness Grant Program and National Science and Mathematics Access to Retain Talent Grant Program - [Final Regulations](#) (October 29, 2007)

Academic Competitiveness and National SMART Grants - [Information for Students and Parents](#)

Results are in! The [year-one data for AC and National SMART Grants](#) have been compiled. The resulting national and state profiles include suggestions for reaching the Department of Education's goal of doubling the number of AC and National SMART Grant recipients nationwide by 2011.

Academic Competitiveness Grants (ACG) - [Recognized State Rigorous Secondary School Programs of Study](#):

[For 2008 Graduates](#)

[For 2007 Graduates](#)

[For 2005 and 2006 Graduates](#)

Academic Competitiveness Grant Program and National Science and Mathematics Access to Retain Talent Grant Program - [Final regulations](#) (November 1, 2006)

[Dear Colleague Letter](#) from Acting Assistant Secretary for Postsecondary Education, James F. Manning, providing guidance to institutions concerning implementation of the "academic year" definition within the ACG and National SMART Grant programs for the 2006-07 and 2007-08 award years (October 20, 2006)

Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent (National SMART Grant) Programs - [Program Web Site](#)

Academic Competitiveness Grant Program and National Science and Mathematics Access to Retain Talent Grant Program - [Interim final regulations; request for comments](#) (July 3, 2006)

[Information for Students](#) on ACG and National SMART Grants (June 29, 2006)

Press Release - Secretary Spellings Announces July 1 Availability of \$790 Million in New Grants for Higher Education (June 21, 2006)

Press Release - U.S. Department of Education Announces Student Eligibility Options for New Academic Grants (May 2, 2006)

Dear Colleague Letter from Secretary Spellings describing plans for implementation (May 2, 2006)

Fact Sheet on Student Eligibility Options (May 2006)

Dear Colleague Letter from the Assistant Secretary for Postsecondary Education and the Chief Operating Officer, Federal Student Aid on ACG and National SMART Grant Programs (April 5, 2006)

- Attachment (PDF)

Dear Colleague Letter from the Office of Postsecondary Education and the Chief Operating Officer, Federal Student Aid providing the list of academic majors eligible for the National SMART Grants for the 2006-07 award year (May 2, 2006)

- Attachment (PDF)

American Competitiveness Initiative - President Bush's 2006 education agenda, the American Competitiveness Initiative, aims to strengthen innovation and education in the U.S. by improving math and science education, foreign language studies, and high schools

ETA News Release: [02/22/2006]
Contact Name: David James or Mike Volpe
Phone Number: 202-693-4676 or x3984
Release Number: 06-0329-NAT

Regional Leaders Join U.S. Secretary of Labor Elaine L. Chao To Launch 13 WIRED Initiatives

WASHINGTON — Economic development leaders from around the country convened today in Washington to kick off their respective Workforce Innovation in Regional Economic Development (WIRED) initiatives. In her keynote address to an audience of business, civic, educational and workforce professionals, U.S. Secretary of Labor Elaine L. Chao set a 21st century framework for the global economic challenges that lay ahead for the country.

"Ninety percent of the jobs in the fastest growing sectors of our economy require post-secondary training or education," said Secretary of Labor Elaine L. Chao. "The WIRED initiative will focus on the critical role of talent development in attracting economic development and new high-growth, high-skill job opportunities for these regions."

The goal of the WIRED initiative is to transform regional economies by enlisting the skills of the numerous and varied players in those economies to research and produce long-term strategic plans that prepare workers for high-skill, high-wage opportunities in the coming years and into the next decade. Investments totaling \$195 million were awarded Feb. 1 to 13 regions.

"Many workers in the regions represented at this meeting have felt the results of dislocation and need to acquire new skills," said Assistant Secretary of Labor for Employment and Training Emily Stover DeRocco. "The WIRED initiative targets communities impacted by rapid change and works with them to re-skill their workforce so it becomes a beacon for economic development and new jobs."

The Department of Labor-led WIRED initiative is a part of the broader American Competitiveness Initiative the President outlined in his State of the Union Address. Department of Agriculture, Commerce and Education officials offered listeners additional resources and perspectives on the continued American innovation necessary for the competitive global economy.

The regions that competed successfully for the three-year, \$15 million investments are: Coastal Maine, Northeast Pennsylvania, Upstate New York, Piedmont Triad North Carolina, Central Michigan, Western Michigan, Florida Panhandle, Western Alabama-Eastern Mississippi, North Central Indiana, Greater Kansas City, Denver Metro Region, Central and Eastern Montana and California Coast.

President Bush Delivers Mississippi Gulf Coast Community College Commencement Address

Mississippi Coast Coliseum
Biloxi, Mississippi

 **In Focus: Education**

2:29 P.M. CDT

THE PRESIDENT: Thanks for the warm welcome. President Lott; members of the faculty, staff and administration; distinguished guests; family, friends, and, most importantly of all, the graduating class of Mississippi Gulf Coast Community College. (Applause.)

This afternoon, we celebrate commencement in a stadium that is still under repair, near streets lined with temporary housing, in a region where too many lives have been shattered -- and there has never been a more hopeful day to graduate in the state of Mississippi. (Applause.)

I am proud to stand before some of the most determined students at college or university in America. (Applause.) Over these past nine months you have shown a resilience more powerful than any storm. You continued your studies in classrooms with crumbling walls. You lost homes, and slept in tents near campus to finish courses. You cleared debris during the day and you went to class at night. You worked past exhaustion to catch up. By your determination to reach this day, you have sent a message to our nation and the world: Mississippi is coming back, and it's going to be better than ever before. (Applause.)

You have sent a message and I came with a message of my own: This nation honors your dedication. We're inspired by your optimism, and we'll help this great state of Mississippi rebuild. (Applause.)

I'm honored to be the first sitting President to address a community college commencement. (Applause.) Recognizing this is a grand occasion, I wanted some tips from the best speaker I know -- so I went to the First Lady, Laura. (Laughter.) I asked her what I should talk about, and she said, "You ought to talk about 15 minutes." (Laughter.) Listen, I've learned her advice is worth taking. She sends her best to you all. (Applause.)

Today I want to share a few thoughts on the history you've seen this year -- and the history you will make once you leave this fine college. For some of you, graduation day has been a long time in the making. Many of you have large responsibilities beyond school, such as jobs and families to care for, and none of those roles are part-time. Others here are taking a first step toward further education at one of Mississippi's fine universities. And on this special afternoon, some of you are fulfilling the dreams of generations by becoming the first person in your family to graduate from college.

This college is also part of a strong military community -- (applause) -- and it's obvious some of you have earned your degree while serving your nation in uniform. (Applause.) And I'm proud to be your Commander-in-Chief. (Applause.) There are also military family members in the graduating class, including the Levens family of Long Beach. Margaret Levens and her son, Matt, are getting their degrees -- (applause) -- and they're both carrying pictures of a loved one who they remember today. Earlier this year, Donnie Levens, Margaret's son and Matt's brother, was killed in a helicopter crash while his Marine unit was fighting terrorists near the Horn of Africa. Margaret says Donnie's courage inspired her to complete her studies. She said: "I've never been a quitter. Donnie was never a quitter either. He had a job to do and he did it well. And I am graduating for him today." (Applause.) America honors the service of Donnie Levens -- and we honor the strength and the sacrifice of our military families. (Applause.)

This day of accomplishment would not be possible without the faculty and the staff and the administration of this college. They reopened this school just 17 days after the worst natural disaster in American history struck your campus and your state. All who work at this college have dedicated themselves to this school's stated mission of making "a positive difference in people's lives every day." You have fulfilled that mission, and so much more. Your students will always remember your unselfish service in an hour of need -- and the United States of America is grateful for your service. (Applause.)

This is my 10th visit to Mississippi since Hurricane Katrina hit. I've seen firsthand the devastation in Gulfport and Gautier, Poplarville and Pascagoula, and Pass Christian, Bay Saint Louis and Biloxi. This was the first city in your state I visited after the storm. I remember walking down the street with your fine Mayor through a neighborhood where every house had been destroyed. I remember sitting on a doorstep that was surrounded by boards. I remember looking in the eyes of people who were stunned and saddened, longing for all they had lost.

I remember something else, too -- a quiet, unyielding determination to clear the wreckage and build anew. People who saw their own houses flattened rose to the aid of neighbors. One group of men tied themselves with a rope, dove into a flooded street, and pulled 20 others to safety. Churches and congregations gave to their limit of their resources, and then found a way to give more. Thousands lost their homes, their cars, and their businesses -- but not their faith in the future. (Applause.) Across this state, a powerful spirit has emerged: a Mississippi spirit that sees hope in adversity, and possibility in pain -- and summons a strength that wind and water can never take away. (Applause.)

And that Mississippi spirit is embodied by your great Governor, Haley Barbour. (Applause.) Haley spoke for the state when he said: "People aren't leaving. They're hitching up their britches and rebuilding Mississippi." (Applause.) That Mississippi spirit is carried to Washington by your superb United States Senators, Trent Lott and Thad Cochran -- (applause) -- and by an outstanding congressional delegation. And the Mississippi spirit is sustained daily by your mayors and county officials and local leaders. And many of those leaders are here today. And I appreciate your service -- and you can count on a steady partner in my administration. (Applause.)

Over the past nine months, we have seen what the Mississippi spirit can achieve: The population of coastal Mississippi has returned almost all the way to full strength. Every school district that closed after the hurricane has reopened. More than 90 percent of the debris has been cleared. Highways and bridges are being repaired. Homeowners are rebuilding, with the help from the state and the federal government. There are more jobs available in Mississippi today than before the storm -- and the resurgence of this great state has only begun. (Applause.)

The renewal of the Gulf Coast is one of the largest rebuilding efforts the world has ever seen -- and all of you will play a leading role. Your experience at this college has prepared you to shape the future of your state. I ask you to rise to the challenge of a generation: Apply your skill and your knowledge, your compassion and your character, and help write a hopeful new chapter in the history of the Gulf Coast.

A hopeful future for the Gulf Coast will require your skill and your knowledge. The destruction left by Katrina reaches beyond anything we could have imagined. Rebuilding will create an immediate need for workers with a wide range of skills. I appreciate how this college responded, by offering courses in carpentry and plumbing and electrical and dry-wall, and other skills in high demand. Federal funds allowed students to complete these courses for free, and many have moved straight into good jobs with Mississippi companies. When it comes to rebuilding this state, there is no question "if," it is a matter of "when." Mississippi will rebuild, and you will be the ones to rebuild it. (Applause.)

Ultimately, rebuilding this region will require more than the reconstruction of building and bridges that were destroyed. A renewal of the Gulf Coast will also require creativity and innovation and enterprise in every aspect of society. The growth and vitality of the Gulf Coast will come from people who open new stores, design new urban plans, create new jobs, teach children, and care for the sick. The key to unlocking these opportunities is knowledge -- and millions who want to gain new knowledge come to community colleges just like the one you're graduating from. In the Gulf Coast and beyond, community colleges are the centers of hope and the gateways to social mobility. At any stage in life, you can come to

a community college, and you can learn something new, and you can put yourself on a course to realize your dreams.

The Class of 2006 is filled with people determined to use their knowledge to revitalize the Gulf Coast. It's full of people determined to realize dreams. Today I met Tracy Malosh, and she's graduating with a degree in nursing. Tracy was born nearby at Keesler Air Force Base, and she has lived in this part of the country her whole life. She married her high school sweetheart, Charles, 13 years ago, and they have three children who, by the way, are proudly watching their mom graduate today. After Tracy's son Trevor was born with a heart condition, she decided to come to this college to become a pediatric nurse. When Hurricane Katrina hit, Tracy's family lost everything they owned, but she kept coming to class. She was determined. Her family is now looking for a new home in the area. Today Tracy gets a degree and she's planning to work in pediatrics at a local hospital. And here is what she said: "I can't even begin to describe to you how good it feels to finish this. I always knew I'd go back to school, but I never knew I'd face the difficulties that I did -- and I conquered this."

Tracy's story is a clear lesson -- it's never too late to get a fresh start in life. And people all over the Gulf Coast are following her lead. Out of the devastation of Katrina will come great opportunities to get a fresh start in life. And for many in this great state, the road to a brighter future will run through a community college.

A hopeful future for the Gulf Coast will require your compassion and your character. Our whole nation has been moved by the outpouring of kindness and decency shown by the people of this great state. Neighbors have joined forces to care for the weak and the vulnerable. Strangers have come together to help each other cope. Now you must work to sustain the compassion inspired by this storm long after the damage has been cleared away. I urge you to take the same determination you brought to rebuilding schools, and use it to ensure that every school provides a good education. Use that same bravery it takes to rescue people from water to rescue communities from poverty. My hope is that one day Americans will look back at the rebuilding of Mississippi and say that your work added not only to the prosperity of our country, but also to the character as our nation. (Applause.)

Earlier today, I met one of your classmates who represents the character necessary for the Gulf Coast to succeed. Kendrick Kennedy grew up here in Biloxi. He's a proud graduate of Biloxi High. At age 30, an illness caused Kendrick to go blind, and eventually he lost his job. So he decided to come to this college. He recorded each of his lectures on tape, and House scanned his books into a computer program provided by the school that reads them aloud. When the hurricane hit, Kendrick opened his home to family members in need, and he returned to school as soon as possible. Today, this good man is graduating at the top of his class, and he hopes to attend law school one day. (Applause.) Here is what Kendrick said: "I'd be dawgoned if I was going to let Hurricane Katrina stop me." (Laughter and applause.) "I thought, 'you started school when you were blind and you can overcome this hurricane.'" Kendrick is right -- and today we honor his inspiring example. (Applause.)

That same optimism is present in many of the graduates today, and so many others across the Gulf Coast. And optimism is justified. There is going to be a day when communities across Mississippi sparkle with new homes, and businesses bustle with customers, and this college is filled with more students than ever before. I plan to return one day to the Biloxi neighborhood I visited on my first trip, and see beautiful homes with children playing in the yards. (Applause.) Across this entire region devastated by the storm, new vitality will emerge from the rubble and cities from Mobile to Biloxi to New Orleans will be whole again.

It's going to take time for that vision to be realized, and it will demand the skill and knowledge and character of all of you. Yet you can leave this college with confidence in your future, and with certainty that you're not going to work alone. In these trying months, we have been aided by a Power that lightens our struggles, reveals our hidden strength, and helps conquer all suffering and loss. We can never know God's plan, but we can trust in His wisdom and in His grace. And we can be certain that with His help, the great state of Mississippi will rise again. (Applause.)

Congratulations to the Class of 2006. May God bless you, and may God bless the United States of America. (Applause.)

END 2:50 P.M. CDT

PRESS RELEASES

Secretary Spellings Receives Final Report of the Commission on the Future of Higher Education
ARCHIVED INFORMATION

FOR RELEASE:
September 19, 2006

Contact: Samara Yudof, Katherine McLane
(202) 401-1576

U.S. Secretary of Education Margaret Spellings today made the following statement on the receipt of the Commission on the Future of Higher Education's final report:

"Higher education in America should be affordable and accessible to all and accountable for the important service it provides to students and the nation. One year ago today, I created the Commission on the Future of Higher Education to launch a national dialogue on the vital issues central to a quality higher education. We must examine the system in order to determine whether our colleges and universities are meeting the needs of America's diverse and changing student population and preparing it for the competitive global economy. Today the Commission presented to me its final report with a series of recommendations designed to improve the accessibility, affordability and accountability of our higher education system and maintain it as the finest in the world. I look forward to announcing my plans for the future of higher education on Sept. 26 at the National Press Club in Washington, D.C., outlining the course forward as we work together to find solutions that will meet the needs of students, parents, taxpayers, and our colleges and universities."

Highlights of the Commission's final recommendations to Secretary Spellings are available at www.ed.gov/about/bdscomm/list/hiedfuture/pre-pub-report-highlights.html.

To view the Commission's final report, please visit www.ed.gov/about/bdscomm/list/hiedfuture/reports/final-report.pdf.

For additional information on the Secretary's Commission on the Future of Higher Education, visit www.ed.gov/about/bdscomm/list/hiedfuture/index.html.

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Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Higher Education Policy Recommendations - To: POTUS - From: Scott Walter	5	09/21/2006	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Staff Secretary, White House Office of the

SERIES:

Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:

Higher Education and Job Training: A Timeline (2001 - 2008)

FRC ID:

13895

OA Num.:

14458

NARA Num.:

14247

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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- B. Closed by statute of by the agency which originated the document.
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Freedom of Information Act - [5 U.S.C. 552(b)]

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President's Statement on Higher Education Report Released by Secretary Spellings

Today, Education Secretary Margaret Spellings released the report of a commission whose focus was to help make America's higher education system more affordable and more accessible, and to provide parents and students with information that will help them make better-informed choices. I strongly support the thrust of this important report and look forward to working with Secretary Spellings, the higher education community, the Congress, and the states to ensure that our higher education system remains the finest in the world.

America's colleges and universities have always played an important role in advancing innovation, opportunity, and prosperity throughout our Nation and the world. We must all work to provide our students with the knowledge and skills they need to shape a hopeful future for our country.

#

PRESS RELEASES

Secretary Spellings Announces Plans for More Affordable, Accessible, Accountable and Consumer-Friendly U.S. Higher Education System

Secretary takes action on final report by her Commission on the Future of Higher Education

ARCHIVED INFORMATION

FOR RELEASE:

September 26, 2006

Contact: Samara Yudof

Katherine McLane

(202) 401-1576

Washington, D.C. — To help keep America competitive and provide students and families with more information and more affordable access to higher education, U.S. Secretary of Education Margaret Spellings today announced her plans to improve the U.S. higher education system, based on the recommendations in the final report of her Commission on the Future of Higher Education. Secretary Spellings made the announcement during remarks at the National Press Club in Washington, D.C.

"There is an urgent need for change in America's higher education system," said Secretary Spellings. "We know higher education is the key to our children's future and the American dream yet it is becoming more unaffordable and less attainable."

"While our universities are known as the best in the world, 90-percent of the fastest-growing jobs require post-secondary education and only one-third of Americans have a degree," said Secretary Spellings. "Over the years, we've invested tens of billions of dollars in taxpayer money and just hoped for the best—we deserve better. To remain competitive in the 21st Century global economy, we must act now and continue the national dialogue and work together to find the right solutions."

Secretary Spellings created the Commission on the Future of Higher Education in Sept. 2005 to develop a comprehensive strategy for postsecondary education that would better serve Americans and address the economic and workforce needs for our nation's future. Over the past year, the Commission held public meetings and hearings across the country and engaged students and families, policymakers, business leaders and the academic community in a national dialogue about all key aspects of higher education. As part of today's announcement, Secretary Spellings plans to continue to strengthen K-12 education, align high school standards with college expectations and increase access to college-prep classes such as Advanced Placement. The Secretary will work with Congress to expand the successful principles of the *No Child Left Behind Act* to high schools and hold these schools accountable for results.

To help make a higher education more affordable and a reality for every American who chooses to pursue it, Secretary Spellings also announced plans to increase need-based aid, simplify the financial aid process and hold costs in line. The U.S. Department of Education will work to simplify the process of applying for federal student aid by cutting the application time in half and notifying students of their aid eligibility earlier than Spring of their senior year to help families plan. Secretary Spellings also intends to streamline the process by partnering with states to use existing income and tax data to help students complete the Free Application for Federal Student Aid (FAFSA).

In addition, Secretary Spellings has called for a privacy-protected student-level data system—similar to what currently exists for K-12 students—that would create a higher

education information system and provide transparency and ease when students and families shop for colleges. Armed with this information, the Department's existing college search website can be redesigned and made more useful to answer such basic questions as how much a school is really going to cost and how long it will take to get a degree. In recent years, the number of non-traditional students has increased as more Americans of all ages seek additional degrees mid-career or attend college for the first time. Secretary Spellings' plan would facilitate their access to information on colleges, financial aid and provide data on affordability.

"Believe it or not, we can't answer the most critical and basic questions about student performance and learning at colleges and that's unacceptable," says Secretary Spellings. "Information will not only help with decision-making—it will also hold schools accountable for quality. We want to work with Congress, states and institutions to build a system that is more useful and widely available to every student. The information would be closely protected and would not identify individual students, nor be tied to personal information. I challenge states and universities to provide the information to make this system a reality."

In an effort to increase transparency and accountability, Secretary Spellings plans to provide matching funds to colleges, universities and states that collect and publicly report student learning outcomes. She will also convene members of the accrediting community this November to move toward measures that place more emphasis on learning and less on inputs. These proposals will improve higher education's performance and the ability to measure that performance.

This Spring, Secretary Spellings will convene a Summit with representatives from the higher education and business communities and student, parent and policy maker groups to address the challenges families face when planning for college and the need for more graduates in the workforce.

The Commission presented its final report with findings and recommendations to Secretary Spellings on Sept. 19.

A fact sheet on today's announcement and the full text of Secretary Spellings' prepared remarks are available.

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Legislative status of your American Competitiveness Initiative - To: POTUS - From: Karl Zinsmeister and John H. Marburger III	1	10/12/2006	P5;

**This marker identifies the original location of the withdrawn item listed above.
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ETA News Release: [October 26, 2006]
Contact Name: David James or Mike Volpe
Phone Number: (202) 693-4676 (202) 693-3984

U.S. Labor Department Launches Self-Directed Career Advancement Accounts

Eight State Demo, Five States to Focus on Auto Industry Workers

WASHINGTON—U.S. Secretary of Labor Elaine L. Chao announced today that eight states have volunteered to test \$3,000 personal accounts that workers can use to get needed education and training. These Career Advancement Accounts (CAAs) can be used by displaced or current workers to pay for expenses directly related to improving their job skills, such as tuition, books and fees.

“Career Advancement Accounts empower workers to access the education and skills training they need to take advantage of new career opportunities in high growth sectors of America's 21st century economy,” said Secretary Chao.

Under the Career Advancement Account demonstration project, three states (Indiana, Pennsylvania and Wyoming) will conduct pilot tests for statewide use. Another five states (Georgia, Michigan, Minnesota, Missouri and Ohio) will use CAAs to help workers impacted by layoffs in the automobile industry. In addition, a competition will be held shortly to conduct a random assignment study of CAAs.

Career Advancement Accounts were first announced as an element of President Bush's American Competitiveness Initiative and are part of a broader effort to reform the workforce investment system and the billions of dollars spent on worker training. It is estimated that nationwide implementation of CAAs would more than triple the number of American workers who could access post-secondary education and training.

Under this demonstration, individual workers will be eligible for accounts worth \$3,000, renewable for one year, for a total of \$6,000. Between 2,500 and 4,000 automotive workers could potentially take advantage of CAAs. States will be eligible for grants of \$1.5 million from the U.S. Department of Labor, provided they come up with \$1.5 million in matching funds.

“Education is America's great equalizer, and Career Advancement Accounts are like Pell Grants for workers—opening opportunities to increase their skills and equipping them for the competitive global economy,” said Assistant Secretary of Labor for Employment and Training Emily Stover DeRocco.

For more information on Career Advancement Accounts, please visit www.doleta.gov/.

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PRESS RELEASES

Secretary Spellings Convenes Accreditation Forum in Washington, D.C., with Key Stakeholders

Goal to Provide More Information to Students and Parents

ARCHIVED INFORMATION

FOR RELEASE:

November 29, 2006

Contact: Samara Yudof

Katherine McLane

Staphanie Babyak

Jane Glickman

(202) 401-1576

Washington, D.C. — U.S. Secretary of Education Margaret Spellings today convened an accreditation forum to discuss strategies for making higher education more accessible, affordable and accountable and explore ways to implement the recommendations of her Commission on the Future of Higher Education.

Secretary Spellings delivered remarks to approximately 60 representatives from accrediting agencies, colleges, universities, state leadership, private sector and higher education organizations who came together to discuss the Commission's recommendation for making student learning outcomes and achievement the core priority and requirement for accrediting an institution. More than 50 observers also attended the forum.

"For more than a hundred years, accreditation has been the main tool we've used to assure higher education quality to the people," said Secretary Spellings. "Now is the time to take a hard look at the system and see how we can improve it to better meet the new demands of American families in the 21st century."

Since 1998, when Congress moved student learning to the number one requirement, the accrediting community has taken steps to improve focus on student learning, but those efforts have been limited and inconsistent. One of the goals of the accreditation forum was to take that work to scale and work together for a more robust, more outcome-focused, results-centered system that will benefit students and parents and empower them with information.

The accreditation forum also looked at ways to streamline and improve the accreditation process to support innovation, promote consistency in accreditation standards, increase accountability, and become more transparent to the public.

On Sept. 26, 2006, at the National Press Club in Washington, D.C., Secretary Spellings announced her plans to improve the U.S. higher education system, based on the recommendations in the final report of her Commission on the Future of Higher Education, to help keep America competitive and provide students and families with more information and more affordable access to higher education. The accreditation forum fulfills a promise made by Secretary Spellings to move forward with recommendations made to her by the Commission.

The final report of the Secretary's Commission on the Future of Higher Education is available at www.ed.gov/about/bdscomm/list/hiedfuture/reports/final-report.pdf.

For a fact sheet on the Secretary's Higher Education Action Plan, visit www.ed.gov/about/bdscomm/list/hiedfuture/actionplan-factsheet.html.

To view the full text of the Secretary's Sept. 26 remarks announcing her Higher Education Action Plan, visit www.ed.gov/news/speeches/2006/09/09262006.html.

Following is a full list of participants at the accreditation forum:

James Applegate
Vice President for Academic Affairs
Kentucky Council on Postsecondary Education

David Armstrong
Chancellor
Florida Community Colleges and Workforce Education

Robert Atwell
President Emeritus
American Council on Education

Trudy Banta
Vice Chancellor for Academic Planning and Evaluation
Indiana University-Purdue University Indianapolis

Roger Benjamin
President
Council for Aid to Education

Barbara Beno
President
Western Association of Schools and Colleges

Robert Berdahl
President
Association of American Universities

Dort Bigg
Executive Director
Accreditation Commission for Acupuncture and Oriental Medicine

Howard Block
Managing Director and Senior Research Analyst
Banc of America Securities

George Boggs
President and CEO
American Association of Community Colleges

J. Keith Brown
Associate Vice President
North Carolina Community College System

Jonathan Brown
President
Association of Independent California Colleges and Universities

Patrick Callan
President
National Center for Public Policy in Higher Education

Kevin Carey
Research and Policy Manager
Education Sector

Steven Crow
Executive Director
North Central Association of Colleges and Schools

Carol D'Amico
Executive Vice President
Ivy Tech Community College of Indiana

Thomas Dawson
Chief of Staff, Office of Postsecondary Education
U.S. Department of Education

Judith Eaton
President
Council for Higher Education Accreditation

Edward Elmendorf
Senior Vice President for Government Relations
American Association of State Colleges and Universities

Peter Ewell
Vice President
National Center for Higher Education Management Systems

Jackson Grayson
Founder and Chairman
American Productivity and Quality Center

Randal Haack
Senior Vice President and CFO
University of Northern Colorado

Mary Jane Harris
Director, Department of Accreditation
American Physical Therapy Association

Terry Hartle
Senior Vice President
American Council on Education

Marshall Hill
Executive Director
Nebraska Coordinating Commission for Postsecondary Education

Larry Isaak
President
Midwestern Higher Education Compact

Sally Johnstone
Vice President for Academic Affairs
Winona State University

C. Todd Jones
President
Association of Independent Colleges and Universities of Ohio

Jillian Kinzie
Associate Director
National Survey of Student Engagement

Janet Laughlin
Coordinator, Student Success Center
Danville Community College

Anita Levy
Associate Secretary
American Association of University Professors

Paul Lingenfelter
President
State Higher Education Executive Officers

Geri Malandra
Vice Chancellor for Strategic Management
University of Texas System

James Manning
Acting Assistant Secretary, Office of Postsecondary Education
U.S. Department of Education

Robert Mendenhall
President
Western Governors University

Charles Miller
Chairman
The Secretary of Education's Commission on the Future of Higher Education

Margaret Miller
Director
National Forum on College-Level Learning

Anne Neal
Executive Director
American Council of Trustees and Alumni

Kay Norton
President
University of Northern Colorado

Cheryl Oldham
Chief of Staff, Office of the Under Secretary
U.S. Department of Education

David Payne
Senior Executive Director
Educational Testing Service

Paula Peinovich
President
Walden University

Mark Pelesh
Member, Coalition for a Competitive American Workforce
U.S. Chamber of Commerce

George Peterson
Executive Director
Accreditation Board of Engineering and Technology

Arthur Rothkopf
Senior Vice President and Counselor to the President
U.S. Chamber of Commerce

Elise Scanlon
Executive Director
Accrediting Commission of Career Schools and Colleges of Technology

Vickie Schray
Senior Advisor, Office of the Under Secretary
U.S. Department of Education

Stephen Shank
Chairman and CEO
Capella University

Robert Sheets
Director, Research & Development
University of Illinois – Urbana

David Shulenburger
Vice President for Academic Affairs
National Association of State Universities and Land-Grant Colleges

Kent Talbert
General Counsel
U.S. Department of Education

Jane Wellman
Senior Associate
The Institute for Higher Education Policy

John Welty
President
California State University – Fresno

Belle Wheelan
President
Southern Association of Colleges and Schools

Thomas Wickenden
Director of Accreditation
Accrediting Council for Independent Colleges and Schools

John Wiley
Chancellor
University of Wisconsin – Madison

Roger Williams
Executive Director
Accrediting Council for Continuing Education and Training

Ralph Wolff
President and Executive Director
Western Association of Schools and Colleges

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PRESS RELEASES

Supporting America's Students: President's Budget Makes Strong Investments in No Child Left Behind, More Aid for Low-Income College Students

Budget includes more funds for schools that need the most help, increased high school rigor and more grants for low-income college families

FOR RELEASE:
February 5, 2007

Contact: Katherine McLane
Rebecca Neale
(202) 401-1576

WASHINGTON, DC — U.S. Secretary of Education Margaret Spellings today praised President Bush's FY 2008 Department of Education budget request for providing increased resources to improve our public schools, increase rigor in our nation's high schools, and help more Americans afford college.

"President Bush believes that every student can learn and today he is reaffirming his commitment to a good education for every child, regardless of race, income or zip code," said Secretary Spellings. "This budget builds on the great progress our children have made under No Child Left Behind while at the same time targeting dollars more strategically to meet our students' most pressing needs and priorities," said Secretary Spellings.

The President's request of \$56 billion makes bold investments in the core priorities of the No Child Left Behind Act (NCLB) by increasing funding for the landmark law to \$24.5 billion, up 41 percent since 2001. The President proposes an overall increase of \$1.2 billion to help fund his priorities for NCLB reauthorization this year. ([Building on Results: A Blueprint for Strengthening the No Child Left Behind Act](#) is available at www.ed.gov.)

More than \$1.2 billion in funding will be invested in Title I to improve and strengthen our public schools. Additionally, \$500 million in Title I School Improvement Grants will help states turn around low-performing schools and direct resources to students who need additional instruction to succeed. And for low-income families with students trapped in chronically underperforming schools, Promise and Opportunity Scholarships will provide a choice of intensive tutoring or the opportunity to attend a quality public, private or charter school.

"We're committed to fixing our public schools and providing help to children who need it the most," said Secretary Spellings. "We know that education is the key to a bright and hopeful future and it's never been more important that we ensure that opportunity is available to all our students."

To better prepare students to succeed in the global economy, the President proposes \$365 million for the American Competitiveness Initiative to strengthen instruction in math, science, and critical foreign languages, the new currencies of the world economy.

To help more Americans afford and attend college, the President's budget proposes to increase the maximum Pell Grant to \$4600 in 2008, the largest increase in over 30 years, and to \$5400 by 2012, the largest five-year increase ever.

"With 90 percent of the fastest-growing jobs requiring post-secondary education or training, a college education is fast becoming a necessity," said Secretary Spellings. "Yet, as costs skyrocket it has become increasingly difficult for middle class and low-income families to

afford college. The President's action will help make the dream of a college education the reality for more Americans."

Increases for new programs and priorities are possible through \$2.2 billion in savings in outdated or ineffective programs. In line with the President's target to reduce the federal deficit over the next five years and produce a balanced budget by 2012, the U.S. Department of Education's FY 2008 budget prioritizes effective policies and programs on behalf of America's students, parents, teachers, and taxpayers.

Among the highlights of the FY 2008 education budget request are:

Building on the Results of No Child Left Behind. \$24.5 billion for priorities under NCLB. The President's top education priority for 2008 is reauthorization of NCLB, and his 2008 request is fully aligned with the goal of every child reading and doing math at grade level by 2014. Particular emphasis will be placed on bringing more resources and rigor to the high school level, as well as placing priority on providing low-income students with educational resources through Title I funds.

\$1.2 billion increase for Title I, up 59 % since 2001, to increase high school share of Title I allocations and expand the impact and rigor of NCLB standards into high school.

\$500 million in first-time School Improvement Grants for states to support school improvement and increase support for Local Educational Agencies improvement efforts.

\$300 million for Promise Scholarships (\$250 million) and Opportunity Scholarships (\$50 million) to expand school choice options for students in low-performing schools.

Preparing Students for Global Competitiveness. \$365 million to advance the goals of the American Competitiveness Initiative (ACI). The ACI focuses on early instruction and high school rigor in core subjects like math and science.

\$365 million for American Competitiveness Initiative, including:

\$250 million for Math Now (\$125 million each for Elementary Math Now and Middle School Math Now)

\$90 million increase for Advanced Placement/IB

\$25 million for Adjunct Teacher Corps

\$199 million for the Teacher Incentive Fund for locally developed incentive-based compensation and assignment systems

Helping Students Afford Higher Education. Rising college costs have a disparate impact on low-income families. Federal grant money provides many low and middle-income families with the resources to offset rising college costs.

Increase maximum Pell Grant to \$4,600 in 2008, (up \$550 for largest increase since 1974) and to \$5,400 by 2012, with 5.5 million recipients in 2008.

Raise Academic Competitiveness Grants (ACG) by 50%, from \$750 to \$1,125 for first-year students and from \$1,300 to \$1,950 for second-year students;

Spending Taxpayer Dollars Wisely. To save \$2.2 billion in taxpayer dollars, the President's budget recommends eliminating 44 programs that are duplicative, narrowly focused, or unable to demonstrate effectiveness.

For information about improving accountability in programs across the Federal government, please visit the new website <http://www.expectmore.gov/>. With this website, taxpayers can see which programs work, which do not, and what the Federal government is doing to improve. ExpectMore.gov will improve not only transparency, but also accountability in all Federal programs.

Information about No Child Left Behind Reauthorization, Building on Results: A Blueprint for Strengthening the No Child Left Behind Act, the American Competitiveness Initiative, the Advanced Placement Incentive Program, Striving Readers, the Math Now programs, the Adjunct Teacher Corps, and the National Security Language Initiative are available at www.ed.gov.

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Fact Sheet: America Competes Act of 2007

President Bush Signs Legislation Sharing Goals Of His American Competitiveness Initiative

Today, President Bush Signed Into Law The America Creating Opportunities To Meaningfully Promote Excellence In Technology, Education, And Science Act (America COMPETES). This bill shares the goals of the President's American Competitiveness Initiative (ACI), a comprehensive strategy to keep America the most innovative nation in the world by strengthening our scientific education and research, improving our technological enterprise, attracting the world's best and brightest workers, and providing 21st century job training.

- **The President Appreciates Congress' Bipartisan Response To The Competitiveness Challenge Since He Announced ACI In January 2006.** He appreciates House and Senate appropriators' support for funding for ACI basic research programs starting in FY 2007 and commends them thus far in the appropriations process for fully funding his corresponding FY 2008 budget request for the National Science Foundation, the Energy Department's Office of Science, and the Commerce Department's National Institute of Standards and Technology.

The Legislation The President Signed Today Continues A Bipartisan Spirit Of Cooperation In Meeting The Goals Of ACI

As The President Proposed, The Act Supports Doubling Funding For Basic Research Programs In Physical Sciences. This increased funding will encourage scientists to explore promising and critical areas such as nanotechnology, supercomputing, and alternative energy sources.

The Act Authorizes The President's Math Now Proposal To Improve Instruction In Mathematics. The programs will give teachers research-based tools and professional development to improve elementary, and middle school students' achievement in math.

The Act Authorizes The President's Proposed Advanced Placement/International Baccalaureate (AP/IB) Program. This program would expand low-income students' access to AP/IB coursework by training more high school teachers to lead AP/IB courses in math, science, and critical foreign languages in high-need schools.

Congress Has More Work To Do To Assist Our Nation's Competitiveness

In Addition To Giving Priority To Full ACI Funding In This Year's Appropriations Bills, The President Calls On Congress To Complete Work On The Remaining Components Of ACI, Including:

- **Modernizing And Making Permanent The Research And Development Tax Credit.** The R&D tax credit allows businesses to deduct part of their R&D

investments from their taxes, but this tax credit has been allowed to expire in the past. To help our businesses invest and stay ahead of the competition, we need more certainty in our tax code. The President is also committed to working with Congress to modernize the credit to make it even more effective and efficient at encouraging private sector innovation.

- **Authorizing The Adjunct Teacher Corps Program.** This initiative would bring 30,000 math and science professionals to teach in our Nation's classrooms over the next eight years.
- **Increasing Our Ability To Attract And Retain The Best And Brightest High-Skilled Workers From Around The World.** The President supports attracting and retaining the best and the brightest high-skilled workers from around the world by reforming the nation's immigration system, while maintaining national security priorities.

The President Is Concerned That The Legislation Includes Excessive Authorizations And New Duplicative Programs. The bill creates over 30 new programs that are mostly duplicative or counterproductive – including a new Department of Energy agency to fund late-stage technology development more appropriately left to the private sector – and also provides excessive authorization for existing programs. Accordingly, the President will request funding in his 2009 budget for those authorizations that support the focused priorities of the ACI, but will not propose excessive or duplicative funding based on authorizations in the bill.

#

Fact Sheet: College Cost Reduction and Access Act of 2007

President Bush Signs Legislation Expanding Pell Grants To Make College More Affordable For Our Nation's Students

- President Bush Signs College Cost Reduction and Access Act
- In Focus: Education

Today, President Bush signed the College Cost Reduction and Access Act of 2007, which will make college more affordable for low-income students by increasing funding for Federal Pell Grants by more than \$11 billion. The Pell Grant program helps ensure low-income students have access to higher education by providing need-based grants to help students meet education costs. The bill the President signed today will expand this program by increasing funding for Pell Grants by \$11.4 billion over the next five years and allowing the maximum Pell award to increase from \$4,310 in 2007 to \$5,400 by 2012.

- **Since 2001, the Administration has increased funding for Pell Grants by nearly \$5 billion dollars.** The number of students receiving Pell Grants has increased by more than one million since the President took office. In addition, President Bush last year signed legislation creating Academic Competitiveness and SMART Grants to further reward Pell Grant-eligible students who completed rigorous high school programs of study, or who are majoring in math, science, engineering, or critical foreign languages.
- **The President has proposed expanding Pell Grants even further, and the bill he signed today brings us closer to his goal.** The President's 2008 Budget asked Congress to increase funding for Pell Grants by \$15.3 billion over the next five years. The President also proposed increasing the maximum annual Pell award to \$5,400 over the next five years and making Pell Grants available year-round.
- **The legislation also helps ease the burden on our men and women in uniform who have taken out loans for a higher education.** Those on active duty military will now have new flexibility to defer payments on their loans, and service members who are leaving to return to civilian life will be able to defer their loan payments for over one year after they return home.

Pell Grants Are Helping Expand Access To Higher Education

To prepare America's youth for the jobs of tomorrow, we must expand access to higher education. According to one study, 80 percent of the fastest-growing jobs in America require some sort of education after high school. To seize the opportunities of this new era, more American citizens need skills they can only get through a post-secondary education.

One of the best ways to expand access to higher education is to increase financial assistance for low-income students through the Pell Grant program. Pell Grants are the most effective way to target Federal aid to those who need it most.

The President Will Continue Working With Congress To Expand Access To Higher Education And Ensure America Remains Competitive In The Global Economy

There is more work to be done. For example, the bill signed today diverts resources that would best be used for Pell Grants to other, poorly targeted policies and new programs - and it fails to fully account for their costs. By making promises beyond what it pays for, the bill leaves to future Congresses and the next Administration the difficult choice of cutting benefits, growing the deficit, or increasing taxes. The bill also fails to resolve implementation issues the Administration raised with some of the bill's changes to the student loan programs.

- **The President will work with Congress to ensure that the increases in funding for Pell Grants not paid for in this bill are paid for with reductions in other areas of spending - not by raising taxes on the American people.**
- **The Administration will closely monitor the effects of the bill's provisions to ensure they do not cause unintended consequences, increase taxpayer costs, or upset the vital competitive balance between the Federal Family Education Loan and Direct Loan programs.**
- **The President will also continue working with Congress to expand access and affordability in higher education.**

The President calls on Congress to reauthorize and strengthen the No Child Left Behind Act in order to maintain accountability for results and ensure that our students graduate from high school ready for college and the global economy. This week's release of the latest Nation's Report Card results showed that this good law is working. In math, scores for 4th and 8th graders were the highest they have ever been, and in reading, scores for 4th graders were also the highest on record. The Report Card also showed that some of the achievement gaps among minority students are narrowing.

#

PRESS RELEASES

Secretary Spellings Announces First U.S.-Russia Program Grants Awarded to Foster Research Partnerships in Higher Education

Total of nearly \$600,000 awarded to Iowa, Maryland and Indiana Universities this year

FOR RELEASE:

October 22, 2007

Contact: Rebecca Neale

Samara Yudof

(202) 401-1576

MOSCOW, RUSSIA - U.S. Secretary of Education Margaret Spellings today joined Andrei Fursenko, Russia's Minister of Education and Science, in announcing the first grants awarded to three American and three Russian universities under the "United States - Russia Program: Improving Research and Educational Activities in Higher Education."

"Colleges and universities must prepare graduates for work in today's increasingly competitive and international marketplace," Secretary Spellings said. "These grants provide a unique opportunity for the U.S. and Russia to collaborate on research in language, energy, health sciences and advanced energy technologies. The challenges we face on these critical issues are too complex and global for any one nation to tackle alone."

Spellings noted that these grants - totaling nearly \$600,000 -- stem from a Memorandum of Understanding that Secretary Spellings and Minister Fursenko signed in May 2006 that symbolized our nations' joint commitment to improving education and promoting new exchanges. For this competition, institutions will be funded by their respective government agencies; in the U.S., the U.S. Department of Education's Fund for the Improvement of Postsecondary Education, and in Russia, the Federal Agency on Education of the Russian Federation.

Following is information on the grants:

The University of Iowa - Asian and Slavic Languages, Liberal Arts and Sciences.
Grant amount: \$158,726. Russian Partner: Plekhanov Russian Academy of Economics.

This grant will fund the design of a program in specialized foreign language training, mathematics and science education. The project will foster the exchange of advanced language students and expert teachers, increase the number of U.S. professionals with specialized, advanced Russian language proficiency and create advanced English-language modules for Russians studying U.S. economics, education and business.

The University of Maryland - Research Administration and Advancement Research.
Grant amount: \$217,476. Russian Partner: Moscow Engineering Physics Institute.

The University of Maryland will lead a consortium of four universities and two national laboratories to develop common curricula and teaching methods for the training of nuclear engineers.

The Trustees of Indiana University - Department of Slavic Languages, College of Arts and Sciences. Grant amount: \$199,093. Russian Partner: Southern Federal University.

This partnership will support students of both nations in attaining higher levels of language ability and will be integrated with a joint research program focusing on

global public health. Faculty and students from many fields and disciplines such as environmental science, biology, economics and political science will participate.

Additional information on the "United States-Russia Program: Improving Research and Educational Activities in Higher Education" grants is available at <http://www.ed.gov/programs/fipserussia/index.html>.

###

PRESS RELEASES

Spellings Announces Academic Competitiveness and National SMART Grants Data Results

Over 360,000 students nation-wide benefiting from these new grants

FOR RELEASE:

October 26, 2007

Contact: Trey Ditto, Samara Yudof

(202) 401-1576

U.S. Secretary of Education Margaret Spellings today announced the first year national data results from the Academic Competitiveness (AC) and National Science and Mathematics Access to Retain Talent (National SMART) Grants.

Results show that in the first year, \$233,038,410 in Academic Competitiveness Grants were awarded to 299,089 students nation-wide, and \$195,544,735 in National Science and Mathematics Access to Retain Talent Grants were awarded to 60,976 students.

"Math, science and critical foreign language skills are the new currencies in our global economy, and we must continue to work hard to inform students about the money available for them if they take classes in these fields," said Secretary Spellings. "These grant programs will not only enable more students to attend college but also better prepare our students for a globally competitive workforce."

President Bush signed into law the AC and National SMART Grant programs on Feb. 8, 2006, through the Deficit Reduction Act. The AC Grants provide additional aid to first- and second-year college students who complete rigorous high school coursework, are enrolled fulltime and maintain a 3.0 GPA. National SMART Grants are for third- and fourth-year Pell Grant-eligible college students who have maintained a 3.0 GPA, major in math, science, or critical foreign languages and are enrolled fulltime.

As new grant programs available to students, the Department has worked closely with financial aid advisors and admissions counselors across the U.S. to raise awareness about these grants, verify students' eligibility and award grant aid. With this strong foundation, the Department is confident that participation will continue to increase, and as a result, students will be better prepared for and have more resources to attend college.

The Department of Education has set a goal to double the number of students receiving AC and National SMART grants by 2010-11 and will continue to work with States, colleges and high schools to raise awareness about AC and National SMART Grants.

"The bottom line is that to ensure our nation's economic competitiveness, we must first expect high academic performance from our students. Rigorous coursework and an increased focus on math and science will prepare students to succeed in college and the workforce of the future," Spellings said.

For additional information on the first year national data results for AC and National SMART Grants, visit <http://www.ed.gov/about/offices/list/ope/ac-smart.html>

###

COPY
FROM ORM

THE WHITE HOUSE
WASHINGTON

October 28, 2007

10/28-26/07

MEMORANDUM FOR THE PRESIDENT

THROUGH: KARL ZINSMEISTER

FROM: JOHN BAILEY

SUBJECT: Trade Adjustment Assistance Reauthorization

Purpose:

To update you on Congressional activity related to Trade Adjustment Assistance (TAA).

Background:

American workers who lose their jobs are eligible to receive a range of benefits and services depending on their circumstances and reason for job loss. Through One-Stop Career Centers, workers can apply for up to 26 weeks of unemployment insurance (UI) which provides temporary income support to unemployed workers. Through programs such as the Workforce Investment Act (WIA), workers can access basic reemployment services such as career counseling and job search assistance. Certain workers are eligible for additional services such as training and support for child care while in training. About 14.15 million workers participated in these programs in 2006, at a cost of \$2.8 billion (plus \$30 billion spent by states on UI).

If a group of workers believe that they were laid off because of the impact of trade, they can petition the Department of Labor (DOL) for benefits and services under TAA. The layoff must be attributable to an increase in imports or a shift in production to a country with which the U.S. has a trade agreement. If the petition is certified, workers are eligible to apply for transitional benefits including an additional 78 weeks of unemployment compensation (for a total of 104 weeks), two years of job training, financial assistance to help with a job search or relocation, access to the Health Coverage Tax Credit (HCTC), and, for workers over the age of 50, a wage insurance option which provides up to \$10,000 over two years to individuals who take lower paying jobs. About 80,000 workers participated in TAA in 2006, at a cost of about \$800 million.

The reauthorization of TAA provides an opportunity to make it more effective in helping workers adversely impacted by trade transition to good paying jobs. The current program is an "all or nothing" program in that workers who remain unemployed receive a generous set of transitional benefits, while workers who secure a job usually receive nothing. As a result workers have a disincentive to take a new job until their benefits have expired. The program needs to be streamlined and reformed to allow workers to make their own decisions as to which training will best help them secure a better paying job.

Administration Position

You have supported reauthorizing and improving the TAA program to make it a more effective program. The Department of Labor has developed a reform proposal that would make TAA more useful for displaced workers by:

- **Increasing Individual Choice:** Provides up to \$8,000 in "New Economy Scholarships" that can be used for up to four years of education or job training (compared to only two years under the current program). Individuals, rather than state bureaucrats, choose the training program that best meets his or her unique needs.
- **Providing More Training Options:** Provides workers options to combine training and, if necessary, income support with a range of employment levels from unemployment to full-time employment. Unlike the current TAA program, workers could start training prior to layoff in order to reduce the amount of time a worker spends unemployed.
- **Fixing the Wage Supplement:** Converts the existing TAA pilot wage-insurance program for older workers into a transitional wage supplement available to all TAA participants (any age) who find low- or minimum-wage jobs. This helps create an incentive for low-income workers to get back into the workforce. It also helps to ease any income shock if the new job pays less than the one previously held by the worker.
- **Reducing Program Duplication:** Eliminates the current stand alone TAA service delivery structure and fully integrates TAA with the WIA One-Stop system. This streamlines worker access to the fullest array of employment assistance.
- **Expanding Eligibility Where Appropriate:** Expands eligibility to workers who indirectly support the production of an article that was impacted by trade. Also expands eligibility to contractor and leased workers under control of a trade-affected firm.

DOL estimates their proposal to be cost neutral. House Ways and Means Committee Ranking Member Jim McCrery (R-LA) introduced a TAA reform bill that includes most of DOL's proposals.

Committee Markup

On Wednesday, House Ways and Means Committee Chairman Rangel won Committee approval of his TAA bill by a vote of 25-14. The Republican alternative bill introduced by Rep. McCrery failed 17-20 along party lines. Chairman Rangel's bill represents a massive and costly expansion of TAA and transforms it from a trade-related program into a universal income support and training program. Specifically, the bill:

- **Expands Eligibility:** Allows entire industries to be certified - rather than requiring company by company certifications. Industry certification fails to distinguish between layoffs related to trade and those lost due to other domestic reasons. The bill also expands eligibility to service and government workers. These provisions could eventually expand TAA eligibility to all displaced workers instead of just those who were adversely impacted by trade.
- **Expands Benefits:** Provides an additional 26 weeks (for a total of 2 1/2 years) of income support and increases the subsidy of health-insurance premiums for TAA certified workers. These provisions are costly and exacerbate the existing incentive to remain unemployed.
- **Creates Bureaucracy:** Creates a duplicative service delivery structure through state governments. Instead of a streamlined delivery system built around worker needs, workers would face multiple bureaucratic processes to apply for assistance.
- **Increases Unemployment Insurance:** The bill provides up to \$7 billion from the Federal Unemployment Account for incentive payments for States to expand UI to new groups. The long-term costs of this expansion would be borne by States and possibly funded through higher employer taxes.
- **Expands Tax Provisions:** Gives state and local officials the authority to issue expensive and highly inefficient tax credit bonds to finance transportation and environmental projects as well as new private sector capital expenditures. These bonds also allow Congress to finance spending through lost revenue and mask the true cost of the bonds outside the annual budget.

process. The bill also proposes to delay the ability of American companies to adopt new rules for allocating worldwide interest expense. This would diminish U.S. competitiveness by increasing the tax burden of American companies relative to their foreign competitors.

Principals agreed that the Rangel bill expands the number of workers eligible for TAA without fundamentally fixing the problems with the existing program. For example, by expanding eligibility to service workers and government employees and allowing entire industries to be certified, the Rangel bill could eventually make all displaced workers eligible for TAA regardless if their job loss was associated with trade. It is difficult to arrive at a cost estimate of this bill's provisions due to the uncertainty of what industries and the number of workers that would eventually be covered. CBO's preliminary cost estimate is \$8.7 billion over ten years (not including the costs of the HCTC expansion). CEA estimates the costs could be as high as \$36-\$54 billion per year if the program was eventually extended to all displaced workers. On Tuesday, Secretary Chao sent a letter to the Committee expressing the Administration's commitment to helping workers adversely affected by trade, but registering strong opposition to the bill. Because this bill moves TAA in the wrong direction, your advisors recommend that the SAP contain a senior advisors veto threat

Intersection with Free Trade Agenda and Next Steps

The TAA debate comes at a key point in the Congress' consideration of our pending Free Trade Agreements (FTAs). TAA enhancement will almost certainly be part of a deal that will provide for a vote on some or all of the pending FTAs (Colombia, Panama and Korea) and possibly an extension of Trade Promotion Authority. Principals recommend issuing a veto threat on the Rangel bill when it is considered in the House next week (primarily due to its broad expansion), while also stressing that the Administration recognizes its obligation to assist workers who are displaced by trade and supports a reform-minded reauthorization of TAA. Demonstrating a veto-sustaining margin in the House will bolster our leverage in negotiating a broad deal with Senator Baucus, who has introduced a more restrained TAA bill, and the House Democrat leadership.

H.R. 3920: Trade and Globalization Assistance Act of 2007

110th Congress

This is a bill in the U.S. Congress originating in the House of Representatives ("H.R."). A bill must be passed by both the House and Senate and then be signed by the President before it becomes law.

Bill numbers restart from 1 every two years. Each two-year cycle is called a session of Congress. This bill was created in the 110th Congress, in 2007-2008.

The titles of bills are written by the bill's sponsor and are a part of the legislation itself. GovTrack does not editorialize bill summaries.

2007-2008

To amend the Trade Act of 1974 to reauthorize trade adjustment assistance, to extend trade adjustment assistance to service workers and firms, and for other purposes.

Navigation

- > Overview
- [Summary \(CRS, PVS\)](#)
- [Full Text](#)
- [Committee Assignments](#)
- [Amendments](#)
- [Floor Speeches](#)
- [Reports](#)
- [Related Legislation](#)



Track H.R. 3920

The feed for this bill includes all major activity on this bill, activity on amendments, references in the Congressional Record, and relevant upcoming committee meetings.

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Primary Source

See [H.R. 3920 on THOMAS](#) for the official source of information on this bill or resolution.

Overview

Sponsor: [Rep. Charles Rangel \[D-NY\]](#) [show cosponsors \(39\)](#)

Text: [Summary](#) | [Full Text](#)

Cost: \$2 per American in 2008. ⓘ

This is computed from a [Congressional Budget Office report](#), merely by dividing the estimated cost of \$300,000,000 by the U.S. population. The figure is extracted from the report automatically and may be incorrect. See [the report](#) for details.

Status:

- | | |
|--|--|
| ☐ Introduced | Oct 22, 2007 |
| ☐ Referred to Committee | View Committee Assignments |
| ☐ Reported by Committee | Oct 24, 2007 |
| ☐ Amendments (2 proposed) | View Amendments |
| ☐ Passed House | Oct 31, 2007 |
| ☐ Voted on in Senate | (pending) |
| ☐ Signed by President | (pending) |

This bill has been passed in the House. The bill now goes on to be voted on in the Senate. Keep in mind that debate may be taking place on a companion bill in the Senate, rather than on this particular bill. [Last Updated: Nov 6, 2008]

Last Action:

Nov 8, 2007: House Energy and Commerce: Referred to the Subcommittee on Health.

Other Titles:

- Early Warning and Health Care for Workers Affected by Globalization Act
- Unemployment Insurance Modernization Act

Related:

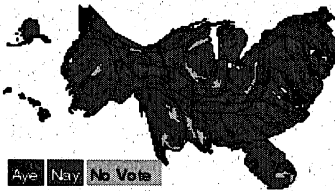
See the [Related Legislation](#) page for other bills related to this one and a list of subject terms that have been applied to this bill. Sometimes the text of one bill or resolution is incorporated into another, and in those cases the original bill or resolution, as it would appear here, would seem to be abandoned.

Votes on Passage

Oct 31, 2007: This bill **passed** in the **House of Representatives** by roll call vote. The totals were 264 Ayes, 157 Nays, 11 Present/Not Voting.

[View Votes](#) (House of Representatives roll no. 1025)

You are not watching the votes of any senators or representatives.
To monitor votes, [look up a Member of Congress](#).



Roll Call Votes

Members of Congress conduct more than just up-or-down votes on bills. Below is a list of votes on the bill as well as on any amendments proposed, motions to conclude debate (cloture), and other motions related to the bill.

Date	Where	Description - Result
Oct 31, 2007 3:34 PM	House	<u>On Passage - House - H.R. 3920 Trade and Globalization Assistance Act</u> Passed 264-157, 11 not voting
Oct 31, 2007 3:05 PM	House	<u>Amendment 1 to H.R. 3920</u> Failed 196-226, 10 not voting

Fiscal Year 2009 Budget Summary — February 4, 2008

SECTION II. D. STUDENT FINANCIAL ASSISTANCE

Overview

Student Aid Summary Tables

Tax Benefits for Postsecondary Students

Pell Grants

Work-Study

Academic Competitiveness Grants/SMART Grants

TEACH Grants

Loans for Short-Term Training

Federal Family Education Loans and Direct Loans

Perkins Loan Revolving Funds

Overview

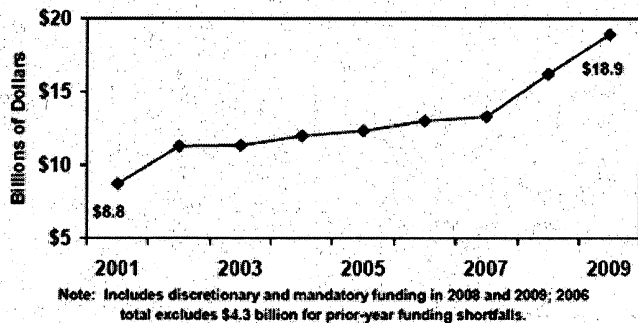
In 2009 the Department of Education will administer almost \$95 billion in new grants, loans, and work-study assistance to help almost 11 million students and their families pay for college. The request includes nearly \$19 billion in combined discretionary and mandatory funding for the Pell Grant program to support awards to almost 5.8 million students and increase the maximum award to \$4,800, the highest level ever. The budget also would support almost \$75 billion in new guaranteed and direct student loans. Federal student aid funds will help millions of Americans obtain the benefits of postsecondary education and play a vital role in strengthening our Nation by providing advanced training for today's global economy.

In September 2007 President Bush signed the College Cost Reduction and Access Act (CCRAA), providing the largest increase in student aid funding in a generation. This landmark legislation, which was based on proposals advanced in the 2008 President's Budget, invested over \$15 billion in new mandatory funds over 5 years to raise the maximum Pell Grant to \$5,400 by award year 2012-2013. These funds support annual additions, rising from \$490 for award year 2008-2009 to \$1,090 in 2012-2013, to the maximum Pell Grant award set in each year's discretionary appropriation act. The law also made a number of changes to expand eligibility for Pell Grants and other need-based student aid.

The 2009 request for student financial assistance keeps the Pell Grant program on track to deliver on the promise of the CCRAA, restoring the discretionary maximum award to \$4,310 and investing an additional \$2.6 billion in discretionary funding over the 2008 level. Under

the President's proposal, nearly 5.8 million Americans will receive an average Pell Grant award of \$3,154, the first time the program's average grant has exceeded \$3,000. This proposal represents the culmination of President Bush's unprecedented commitment to this vital program, funding for which has more than doubled—from \$8.8 billion to nearly \$19 billion—since 2001.

Pell Grant Funding Doubles Under President Bush



Student Aid Summary Tables

Budget Authority (\$ in millions)

	2007	2008	2009 Request
Pell Grants			
Discretionary funding	\$13,660.7 ¹	\$14,215.0 ¹	\$16,851.1 ¹
Mandatory funding	—	2,041.0	2,090.0
Subtotal, Pell Grants	13,660.7	16,256.0	18,941.1
Supplemental Educational			
Opportunity Grants	770.9	757.5	—
Work-Study	980.4	980.5	980.5
Leveraging Educational Assistance			
Partnerships	64.9 ²	63.9 ²	—
Academic Competitiveness Grants	850.0	395.0 ³	960.0
TEACH Grants	—	7.0	14.0
Loans for Short-Term Training	—	—	3.0
Federal Family Education Loans	3,690.5 ⁴	-398.0 ⁴	2,407.3 ⁴
Federal Direct Loans	3,982.2 ⁵	4,983.4 ⁵	-1,262.4 ⁵
Perkins Loans Cancellations	65.5	64.3	—
Total	24,065.1	23,109.6	22,043.6

¹Discretionary amount for 2007 assumes use of additional \$227 million from prior-year surplus, consistent with scoring rule included in the 2006 Congressional Budget Resolution. Discretionary amount for 2008 assumes use of \$521.1 million to fund shortfall from previous year. Discretionary amount for 2009 assumes use of \$732.1 million to fund shortfall from previous year.

²Includes \$34.9 million in 2007 and \$33.9 million in 2008 for Special LEAP.

³For budget scoring and presentation purposes, the FY 2008 funding level reflects a rescission of \$525 million in unneeded, unobligated balances. This does not affect the actual availability of the FY 2008 mandatory appropriation of \$920 million.

⁴Budget authority requested for FFEL does not include the Liquidating account. The 2007 amount includes a net downward re-estimate of \$3.7 billion primarily related to revised assumptions for interest rates, loan volume, and default collection costs. The 2008 amount includes a net upward re-estimate of \$990 million primarily related to revised interest rates and assumptions related to deferment and forbearance, students entering repayment, and teacher loan forgiveness. The 2008 amount also includes a \$2.5 billion downward modification to reflect the effect of the College Cost Reduction and Access Act on existing loans.

⁵For 2007, the Direct Loan amount includes a net upward re-estimate of \$3.7 billion primarily related to revised assumptions related to interest rates and collections on defaulted loans. The 2008 amount includes a net upward re-estimate of \$585 million primarily related to revised interest rates and assumptions related to income-contingent repayment. The 2008 amount also includes a \$4.1 billion upward modification to reflect the effect of the College Cost Reduction and Access Act on existing loans. The 2009 amount includes a net downward modification of \$1.6 billion related to proposed policies.

Aid Available to Students (\$ in millions)

	2007	2008	2009 Request
Pell Grants	\$14,381.9	\$16,428.1	\$18,180.2
Supplemental Educational Opportunity Grants	975.9	958.8	—
Work-Study	1,171.2	1,171.4	1,171.4
Leveraging Educational Assistance Partnerships	165.0 ¹	161.6 ¹	—
Academic Competitiveness Grants	350	440	490
SMART Grants	230	260	270
TEACH Grants	—	86.0	114.0
New Student Loans:			
Loans for Short-Term Training	—	—	362.6
Federal Family Education Loans	51,319.8	56,241.8	59,307.7
Federal Direct Loans	13,022.1	14,103.5	14,866.5
Perkins Loans	1,104.5	1,103.4	—
Subtotal, Student Loans	65,446.4 ²	71,448.6 ²	74,536.8 ²
Total	_____ ³	_____ ³	_____ ³

82,720.4 90,954.5 94,762.4

¹ Reflects only the LEAP program's statutory State matching requirements.

² In addition, consolidation loans for existing borrowers will total \$50 billion in 2007, \$38 billion in 2008, and \$43 billion in 2009.

³ Shows total aid generated by Department programs, including Federal Family Education Loan capital, Perkins Loan capital from institutional revolving funds, and institutional and State matching funds.

Number of Student Aid Awards
(in thousands)

	2007	2008	2009 Request
Pell Grants	5,428	5,578	5,764
Supplemental Educational Opportunity Grants	1,277.3	1,255.0	—
Work-Study	792.4	792.6	792.6
Leveraging Educational Assistance Partnerships	165.0 ¹	161.6 ¹	—
Academic Competitiveness Grants	456.0	559.0	643.0
SMART Grants	72.0	79.0	85.0
TEACH Grants	—	31.0	41.0
New Student Loans: ²			
Loans for Short-Term Training	—	—	377.0
Federal Family Education Loans	11,519.2	12,235.3	12,702.0
Federal Direct Loans	2,764.0	2,857.3	2,961.2
Perkins Loans	504.3	503.8	—
Total	24,801.4	25,372.5	24,816.3

¹ Reflects only the LEAP program's statutory State matching requirements.

² In addition, consolidation loans for existing borrowers will total 1,823 in 2007, 1,320 in 2008, and 1,451 in 2009.

Number of Postsecondary Students Aided by Department Programs

	2007	2008	2009 Request
Unduplicated Count (in thousands)	10,075	10,560	10,857

Tax Benefits for Postsecondary Students and Their Families

In addition to the Department of Education's grant, loan, and work-study programs, significant support for postsecondary students and their families is available through tax credits and deductions for higher education expenses, including tuition and fees. For

- Recipients will total an estimated 5.8 million students.
- 30 percent will receive a maximum Pell award of \$4,800
- 87 percent have family incomes under \$40,000.
- 46 percent are over the age of 23
- 20 percent are enrolled on a less-than-full-time basis
- 35 percent attend 2-year public institutions

example, in 2009, students and families will save an estimated \$3.6 billion under the HOPE tax credit,

which allows a credit of up to \$1,500 for tuition and fees during the first 2 years of postsecondary education; \$2.3 billion under the Lifetime Learning tax credit, which allows a credit of up to \$2,000 for undergraduate and graduate tuition and fees; and \$830 million in above-the-line deductions for interest paid on postsecondary student loans. The 2009 request also promotes savings for college by providing a 50 percent tax credit for the first \$2,000 that moderate- and low-income parents invest annually in a 529 tuition-savings account. The credit ranges between 10 and 50 percent of the amount contributed, depending on the taxpayer's filing status and adjusted gross income (adjusted for inflation).

Pell Grants

	2007	2008	2009 Request
B.A. in millions			
Discretionary	\$13,661	\$14,215	\$16,851
Mandatory	—	2,041	2,090
Total	13,661	16,256	18,941
Program costs (\$ in millions)	14,409	16,467	18,209
Aid available (\$ in millions)	14,382	16,428	18,180
Recipients (in thousands)	5,428	5,578	5,764
Maximum grant			
Discretionary	\$4,310	\$4,241	\$4,310
Mandatory add-on	—	490	490
Total	4,310	4,731	4,800
Average grant	2,650	2,945	3,154

The Pell Grant program helps ensure financial access to postsecondary education by providing grant aid to low- and middle-income undergraduate students. The program is the most need-focused of the Department's student aid programs, with individual awards varying according to the financial circumstances of students and their families.

This request includes \$16.9 billion in discretionary funding and \$2.1 billion in mandatory funding to support a maximum award of \$4,800 for award year 2009-2010. The \$2.6 billion discretionary increase proposed for 2009 primarily reflects updated cost estimates for the Pell Grant program as well as a small increase needed to restore the discretionary share of the maximum Pell Grant to \$4,310. The 2009 request increase sets the Pell Grant program back on the 5-year path to a \$5,400 maximum award in award year 2012-2013, as envisioned in the President's 2008 Budget proposal and implemented by the College Cost Reduction and Access Act.

While Pell Grants have been very successful in expanding access to postsecondary education for low-income students, the Administration plans to work with Congress to increase the

program's effectiveness and improve its overall operation. Accordingly, the 2009 request includes the following proposals:

Pell Grants would be made available year-round at eligible 2- and 4-year degree granting institutions, giving students a more convenient option for accelerating their studies and promptly completing their education.

As a further incentive for timely completion, and to eliminate an area of potential abuse, Pell Grant eligibility would be limited to the equivalent of 16 semesters.

To ensure Federal Pell Grant funds are properly used, the Department and the Internal Revenue Service continue to implement a consent-based approach to matching applicant data reported on the Free Application for Federal Student Aid with Federal tax data.

Campus-Based Programs

Work-Study

	2007	2008	2009 Request
B.A. in millions	\$980	\$980	\$980
Aid available (\$ in millions)	1,171	1,171	1,171
Recipients (in thousands)	792	793	793
Average award	\$1,478	\$1,478	\$1,478

The Work-Study program provides grants to participating institutions to pay up to 75 percent of the wages of eligible undergraduate and graduate students working part-time to help pay their college costs. The school or other eligible employer provides the balance of the student's wages. At the request level, nearly 800,000 students would receive a total of nearly \$1.2 billion in award year 2009-10. Funds are allocated to institutions according to a statutory formula, and individual award amounts to students are determined at the discretion of institutional financial aid administrators.

Academic Competitiveness Grants/SMART Grants

	2007	2008	2009 Request
B.A. in millions	\$850.0	\$395.0	\$960.0
Rescission of unneeded balances	—	525.0	—
Cancellation of unneeded balances	—	—	652.0

Academic Competitiveness Grants

Recipients (in thousands)	456,000	559,000	643,000
Aid available to students (in 000s)	\$350,000	\$440,000	\$490,000
Maximum grant (in whole \$)			
First-year student	\$750	\$750	\$750
Second-year student	\$1,300	\$1,300	\$1,300
Average grant (in whole \$)	\$768	\$787	\$762

SMART Grants

Recipients	72,000	79,000	85,000
Aid available to students (in 000s)	\$230,000	\$260,000	\$270,000
Maximum grant (in whole \$)	\$4,000	\$4,000	\$4,000
Average grant (in whole \$)	\$3,194	\$3,291	\$3,176

These programs, which began operation on July 1, 2006, award need-based Academic Competitiveness Grants (ACG) to first- and second-year undergraduates who complete a rigorous high school curriculum, and National Science and Mathematics Access to Retain Talent (SMART) Grants to third- and fourth-year undergraduates majoring in physical, life, or computer sciences, mathematics, technology, engineering, or a critical foreign language. All funding is mandatory, so annual discretionary appropriations are not required.

Academic Competitiveness Grants are awarded to United States citizens who are eligible for a Federal Pell Grant. First-year applicants, who may receive up to \$750, also must be first-time undergraduates, enrolled or accepted for enrollment in a 2- or 4-year degree granting institution, and have completed a rigorous secondary school program. Second-year ACG applicants qualify for an award of up to \$1,300 if they have completed a rigorous program and maintained a cumulative grade point average of at least 3.0 during their first year as an undergraduate. The Secretary of Education recognizes at least one rigorous program of study in each State.

SMART Grant applicants must maintain a cumulative GPA of at least 3.0 in the coursework required by their major to qualify for up to \$4,000 for their third and fourth years of undergraduate study. SMART Grants, in combination with the Federal Pell Grant and other student financial assistance, may not exceed the student's cost of attendance.

While the Administration is working with States and postsecondary institutions to increase demand for these programs, participation trends during the first 2 years indicate that future funding will substantially exceed the amounts needed to support anticipated grant awards. Congress rescinded \$525 million in unneeded ACG/SMART balances in 2008 and the Administration proposes to cancel an additional \$652 million in unneeded balances in 2009. Even with the proposed cancellation of these funds, in the 2009-2010 academic year the Administration estimates there will be 84,000 new ACG recipients (a 15 percent increase) and 6,000 new SMART grant recipients (an 8 percent increase) compared to the prior year.

TEACH Grants

	2007	2008	2009 Request
BA in millions	—	\$7.0	\$14.0

Recipients	—	31,000	41,000
Aid available to students (in 000s)	—	\$86,000	\$114,000
Maximum grant (in whole \$)	—	\$4,000	\$4,000
Average grant (in whole \$)	—	\$2,774	\$2,780

The TEACH Grant program—created by the College Cost Reduction and Access Act and beginning operation on July 1, 2008—awards annual grants of up to \$4,000 to eligible undergraduate and graduate students who agree to serve as a full-time mathematics, science, foreign language, bilingual education or other English language program, special education, or reading teacher at a high-need school for not less than 4 years within 8 years of graduation. For students who fail to fulfill this service requirement, grants are converted to Direct Unsubsidized Stafford Loans, with interest accrued from the date the grants were awarded.

For budget and financial management purposes, this program will be operated as a loan program with 100 percent forgiveness of outstanding principal and interest upon completion of a student's service requirement. The Administration currently estimates approximately 80 percent of participating students will not complete the required service and thus will have their grants converted to Direct Unsubsidized Stafford Loans. Consistent with the requirements of the Credit Reform Act of 1990, budget authority for this program reflects the estimated net present value of all future non-administrative Federal costs associated with awards made in a given fiscal year. Re-estimates of prior-year costs will be performed each year beginning in fiscal year 2009.

Loans for Short-Term Training

	2007	2008	2009 Request
BA in millions	—	—	\$3.0
Recipients	—	—	377,000
Aid available to students (in 000s)	—	—	\$362,593
Maximum loan (in whole \$)	—	—	\$5,000
Average loan (in whole \$)	—	—	\$962

This proposed new, market-oriented program, jointly administered by the Departments of Education and Labor, would help dislocated, unemployed, transitioning, or older workers and students acquire or upgrade specific job-related skills through short-term training programs. These programs are usually shorter than 10 weeks and are not currently eligible for Federal student aid. Eligible programs for the new loans must lead to an industry credential or certificate, or to employer-endorsed technological/occupational skills. This program is expected to provide over \$362 million in loans to 377,000 recipients in FY 2009.

Federal Family Education Loans and Direct Loans

	2007	2008	2009 Request
Federal Family Education Loans			

New Loan Subsidies (BA)	\$6,850.1 ¹	\$1,076.4 ¹	\$2,407.3 ¹
Net Modification of Existing Loans	—	-2,464.3 ²	—
Net Re-estimate of Prior Loans	-3,159.6 ³	990.0 ³	—
Total, FFEL Program BA	3,690.5	-398.0	2,407.3
Direct Loans			
New Loan Subsidy (BA)	264.6 ⁴	255.6 ⁴	328.7 ⁴
Net Modification of Existing Loans	—	4,143.3 ²	-1,591.0 ²
Net Re-estimate of Prior Loans	3,717.6 ³	584.5 ³	—
Total, New Budget Authority	3,982.2	4,983.4	-1,262.4
Total, Student Loans (BA)	7,672.7	4,585.4	1,145.0

¹Total includes amount for Consolidation Loans, but does not include the Liquidating Account, which deals with costs associated with loans made prior to 1992.

²Under Credit Reform, costs or savings related to the impact of policy changes on existing loans are reflected in the current year. Amounts for 2008 reflect the impact of the College Cost Reduction and Access Act on existing loans. The amount for 2009 reflects proposed policies.

³Under Credit Reform, the subsidy amounts needed for active loan cohorts are re-estimated annually in both Direct Loans and FFEL to account for changes in long-term projections. In 2007 and 2008, Direct Loans re-estimates primarily reflect revised interest rate assumptions, and in 2008, revised assumptions related to income-contingent repayment. FFEL re-estimates are driven primarily by updated interest rate, deferment and forbearance, enter repayment, and teacher loan forgiveness assumptions.

⁴Total includes amount for Consolidation Loans.

New loan volume (in millions)

	2007	2008	2009 Request
Federal Family Education Loans	\$51,320	\$56,242	\$59,308
Direct Loans	13,022	14,103	14,867
Total	64,342¹	70,345¹	74,175¹

Number of New loans (in thousands)

Federal Family Education Loans	11,519	12,235	12,702
Direct Loans	2,764	2,857	2,961
Total	14,283¹	15,092¹	15,663¹

¹In addition, Consolidation Loans for existing borrowers will total \$50 billion and 1.8 million loans in 2007, \$38 billion and 1.3 million loans in 2008, and \$43 billion and 1.5 million loans in 2009.

The Department of Education operates two major student loan programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Loan (Direct Loan) program. These two programs meet an important Department goal by helping ensure student access to and completion of high-quality postsecondary education. Competition between the two programs and among FFEL lenders has led to a greater emphasis on borrower satisfaction and resulted in better customer service to students and institutions.

The FFEL program makes loan capital available to students and their families through some 3,100 private lenders. There are 35 active State and private nonprofit guaranty agencies which administer the Federal guarantee protecting FFEL lenders against losses related to borrower default. These agencies also collect on defaulted loans and provide other services to lenders. The FFEL program accounts for about 80 percent of new student loan volume.

Under the Direct Loan program, the Federal Government uses Treasury funds to provide loan capital directly to schools, which then disburse loan funds to students. The Direct Loan program began operation in academic year 1994-95 and now accounts for about 20 percent of new student loan volume.

Basic Loan Program Components

Both FFEL and Direct Loans feature four types of loans with similar fees and maximum borrowing amounts:

Stafford Loans are subsidized, low-interest loans based on financial need. The Federal Government pays the interest while the student is in school and during certain grace and deferment periods. The interest rate on Stafford loans made before July 1, 2006, is adjusted annually based on the 91-day Treasury bill rate, with a cap of 8.25 percent. For loans made on or after July 1, 2006, the interest rate is fixed at 6.8 percent. The CCRAA includes a 4-year phased reduction of Stafford Loan interest rates, which would drop to 6.0 percent for loans made on or after July 1, 2008, with further reductions each subsequent July 1 through 2011, when rates would be 3.4 percent. Rates would return to 6.8 percent beginning July 1, 2012.

Unsubsidized Stafford Loans have a fixed interest rate of 6.8 percent, but the Federal Government does not pay interest for the student during in-school, grace, and deferment periods.

PLUS Loans are available to parents of dependent undergraduate students at slightly higher rates than Stafford or Unsubsidized Stafford Loans and the Federal Government does not pay interest during in-school, grace, and deferment periods. Graduate and professional students may also take out PLUS loans.

Consolidation Loans allow borrowers with multiple student loans who meet certain criteria to combine their obligations and extend their repayment schedules. The rate for both FFEL and Direct Consolidation Loans is based on the weighted average of loans consolidated rounded up to the nearest 1/8th of 1 percent. The resulting rate for the consolidated loan is then fixed for the life of the loan.

College Cost Reduction and Access Act (CCRAA)



The College Cost Reduction and Access Act of 2007 made a number of significant changes in the loan programs to expand student benefits, increase program efficiency, and reduce excessive subsidies in order to focus limited Federal resources on aid to needy students. These changes include:

Reduce interest subsidies to lenders. FFEL private lenders are guaranteed a specified interest rate by law, regardless of what the student borrower pays. This rate is based on the quarterly commercial paper rate plus a statutory add-on. The CCRAA reduced this add-on by .55 percent for for-profit lenders, to 1.79 percent for most loans, and by .40 percent for not-for-profit lenders, to 1.94 percent for most loans in repayment.

Loan forgiveness for public service employees. Direct Loan borrowers who work in a broad range of public service positions may have the balance of their loans forgiven after 10 years in repayment. Repayments must occur after October 1, 2007, to count against the 10-year eligibility criteria. Borrowers must work in qualifying public service jobs throughout the 10-year repayment period to qualify for forgiveness. FFEL borrowers must consolidate their loans into Direct Loans to qualify for the program. The 2009 request would limit eligibility for this benefit to new borrowers after October 1, 2009, to better target these benefits to borrowers who will soon be making career decisions and encourage them to pursue public service despite holding high student loan balances. These changes also would allow time for the student loan marketplace to prepare for potential shifts in loan volume between Direct Loans and FFEL.

Income-based repayment. FFEL and Direct Loan borrowers meeting eligibility criteria based on "partial economic hardship" may have their payments limited to a percentage of their income. For up to 3 years, the government pays any Stafford Loan interest that accrues and is unpaid under the income-based repayments. Outstanding balances are cancelled after 25 years in repayment. The 2009 request would eliminate the 3-year Stafford Loan interest subsidy under this repayment plan, as comparable benefits are already available under economic hardship and unemployment deferments.



Reduce default insurance from 97 percent to 95 percent. FFEL lenders currently receive 97 percent of students' loan balances when filing for Federal insurance. The CCRAA reduced this amount to 95 percent, effective October 1, 2012. The CCRAA also eliminated the higher reinsurance previously paid to lenders and loan servicers deemed "exceptional performers."

Reduce guaranty agency default collection payments. Effective October 1, 2007, the CCRAA reduced the amount guaranty agencies may retain from collections on most defaulted loans from 23 percent to 16 percent, a figure consistent with amounts paid to the Department's private collection agents.

Reduce guaranty agency account maintenance fees. Agencies currently are paid an administrative fee based on a percentage of the original principal amount of active loans they have guaranteed. Effective October 1, 2007, the CCRAA reduced this percentage from .1 percent to .06 percent.

Increase lender fee to 1 percent. Effective October 1, 2007, the CCRAA increased the one-time origination fee lenders pay from 0.5 percent to 1.0 percent of the loan balance.

PLUS loan auction. Beginning July 1, 2009, the right to originate PLUS loans to parents in the FFEL program will be auctioned to the lowest two bidders in each State. PLUS loans to graduate students would continue to be available from any lender.

Perkins Loan Revolving Funds

The Administration is proposing to recall the Federal portion of the Perkins Loans revolving funds currently held by participating institutions, which will total \$4.2 billion over fiscal years 2009-2013. The Administration believes the Perkins Loan program is ineffective, redundant, and poorly targeted.

COPY
FROM ORM **POLICY TIME - DOMESTIC**

THE WHITE HOUSE
WASHINGTON

Tuesday, April 15, 2008
9:55 a.m. - 10:40 a.m.
Roosevelt Room
Karl Zinsmeister

I. PURPOSE

To discuss the effect of turmoil in the capital markets on the student loan industry and present several actions the Administration is taking to ensure that every eligible student receives a loan.

II. BACKGROUND

The Federal Family Education Loan program (FFEL), a 97 percent guaranteed student loan program, is under stress because the cost of capital has spiked in the past several months. Like other lending products, student loans are frequently securitized and sold to investors in the debt-capital markets in order to raise the funds needed to finance new loans. The subprime mortgage crisis has decreased investor interest in all securitizations, including student loans, which has increased the lenders' cost of financing. Lenders claim that every new FFEL loan is unprofitable. This has led lenders representing 11 percent of FFEL volume to decide not to issue new loans for the coming school year. With 75 percent of student loans made between April and September, we are now entering a period of uncertainty where other lenders may suspend their participation, leading to delays in students receiving loans.

Contingency plans are being made to ensure every eligible student receives their loan with minimal delay. The Department of Education is increasing capacity of their Direct Loan program to absorb FFEL volume if lenders contract. They are also preparing a safety net utilizing 35 guaranty agencies that can provide lender of last resort loans using funding advances provided by the Department.

III. PARTICIPANTS

Secretary Hank Paulson, Department of Treasury
Secretary Margret Spellings, Department of Education
Director James Nussle, Office of Management and Budget

Steve Shafran, Senior Advisor to the Secretary, Department of Treasury

Tony Ryan, Assistant Secretary of the Treasury for Financial Markets, Department of Treasury
Sara Martinez Tucker, Under Secretary of Education, Department of Education

Joshua Bolten, Chief of Staff
Joel Kaplan, Deputy Chief of Staff for Policy
Ed Gillespie, Counselor to the President
Keith Hennessey, Assistant to the President for Economic Policy
Barry Jackson, Assistant to the President for Strategic Initiatives and External Affairs
Anita McBride, Chief of Staff to the First Lady
Daniel Meyer, Assistant to the President for Legislative Affairs
Dana Perino, Press Secretary
Kevin Sullivan, Assistant to the President for Communications
Karl Zinsmeister, Assistant to the President for Domestic Policy
Eddie Lazear, Chairman, Council of Economic Advisers
Jess Sharp, Deputy Assistant to the President for Domestic Policy
John Bailey, Special Assistant to the President for Domestic Policy
Myriah Jordan, Special Assistant to the President for Policy
Neal Patel, Assistant to the Vice President for Domestic Policy

Working Contact

Kelsey Knight, Executive Assistant to the Assistant to the President for Domestic Policy

IV. PRESS PLAN

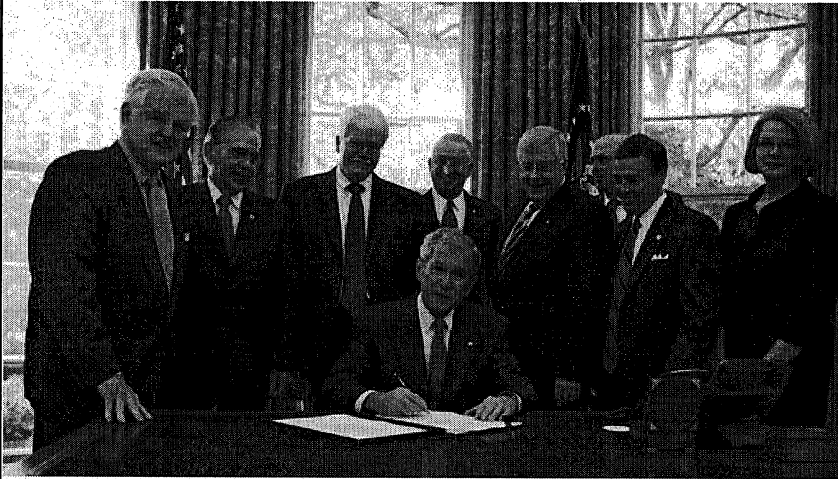
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V. SEQUENCE OF EVENTS

Staff Briefing

VI. ATTACHMENT

None



President George W. Bush signs H.R. 5715 into law Wednesday, May 7, 2008, during a ceremony in the Oval Office. The bill, "Ensuring Continued Access to Student Loans Act of 2008," is designed to provide continued availability of access to the Federal student loan program for students and families. Looking on are, from left: Senator Ted Kennedy, (D-MA); Congressman Ruben Hinojosa of Texas; Congressman George Miller of California; Congressman Buck McKeon of California; Senator Mike Enzi, (R-WY); Secretary of Treasury Hank Paulson; Congressman Ric Keller of Florida, and Secretary of Education Margaret Spellings. White House photo by Chris Greenberg

PRESS RELEASES

**Statement from U.S. Secretary of Education Margaret Spellings and
U.S. Secretary of the Treasury Henry Paulson**

FOR RELEASE:
May 21, 2008

Contact: Samara Yudof
U.S. Department of Education
202-401-1576
Jennifer Zuccarelli
U.S. Department of the Treasury
202-622-8657

As part of its continued commitment to make sure students have access to federal student loans in the coming academic year, the Administration today announced a four-part plan designed to improve the functioning of the student loan marketplace and provide liquidity and stability in the near term to ensure that all qualified students have access to federally insured loans for the coming school year.

The plan includes a loan purchase commitment under which the Department agrees to purchase new federal loans originated for the 2008-2009 academic year, as well as a facility for providing short-term liquidity to lenders lacking access to affordable capital due to disruptions in credit markets. In addition, the plan includes a commitment to continue working with the lending community to explore ways to reengage capital markets; a strengthened lender-of-last-resort program to help insure students against shifting market forces; and increased Direct Loan capacity should it be needed to serve as an extra cushion for students. These efforts further the Administration's commitment to develop solutions that provide liquidity for student loans while supporting the current Federal Family Education Loan (FFEL) Program as a successful public/private partnership at no increased cost to taxpayers.

"Over the past several months, I have worked closely with Secretary Paulson and others in the Administration to closely monitor events in the federal student loan market and actively engage the student loan community on our mutual goal of ensuring continued access to federal student loans for students and families," said Secretary Spellings.

"We want students to be able to concentrate on their studies rather than worry about disruptions in the student loan market and whether they will be able to obtain federal loans to help pay for school. We hope families will be reassured that the U.S. Departments of Education and Treasury are acting to ensure loans remain accessible," said Secretary Spellings. "At the same time, while offering these short-term solutions, we can also consider this a teachable moment that speaks to broader, long-term flaws in our complex and outdated financial system. This system has been crying out for reform for years, and especially in light of the ever-increasing cost higher education, students and families are counting on us to provide it."

"I am confident that the Department of Education has designed a program that will facilitate the origination of new FFEL loans for the upcoming school year," said Secretary Paulson. "This program should ensure that the market works for students needing loans this school year, and we at Treasury are committed to continuing our work with our colleagues at Education and the FFEL lenders to find a longer term solution. I believe that the key here is getting the capital markets to restart and make funds available to FFEL lenders on terms that reflect the high quality nature of student loan assets."

Today's letter from Secretary Spellings to FFEL lenders is available at
<http://ifap.ed.gov/eannouncements/052108FFELPMonitoring.html>

For more information about today's announcement, visit
<http://www.ed.gov/students/college/aid/loans.html>

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PRESS RELEASES

**U.S. Secretary of Education Margaret Spellings Statement on
Congressional Reauthorization of the Higher Education Act**

FOR RELEASE:
July 30, 2008

Contact: Elissa Leonard
(202) 401-1576

U.S. Secretary of Education Margaret Spellings this evening issued the following statement on Congressional reauthorization of the Higher Education Act:

"I congratulate Congress for its hard work in concluding the reauthorization of the Higher Education Act, which seeks to tackle many complex and challenging issues that are vexing to students and their families, as well as to institutions. The Administration supports many of the bill's provisions, which are designed to enact needed reforms and address the problems facing colleges, students and families in the 21st Century. However we remain concerned with the creation of more than 60 new, costly, and duplicative programs.

Higher education has been a priority for this Administration. In 2005, my bipartisan Commission on the Future of U.S. Higher Education launched a robust national dialogue on the need to strengthen higher education to remain competitive in today's knowledge-based global economy. One year later, the Spellings Commission issued a comprehensive report that, among other things, cited specific recommendations to make higher education more accessible, more affordable, and more accountable.

While the legislation takes some positive steps forward, it fails to create the necessary reforms in accessibility and affordability, and it falls short on strengthening accountability. More work can—and must—be done to make achievement outcomes more transparent to students and families.

For the sake of students who are committed to achieving their dreams through the pursuit of higher education, we must remain vigilant in advancing policies that support their goals. This bill represents another important step but we still have a long way to go."

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PRESS RELEASES

**Joint Statement by Treasury Secretary Henry M. Paulson, Jr. and
Department of Education Secretary Margaret Spellings**

FOR RELEASE:
October 10, 2008

Contact: U.S. Department of Education: Samara Yudof, 202-401-1576
U.S. Department of the Treasury: Jennifer Zuccarelli, 202-622-8657

Continuing constraints in our capital markets have posed challenges for students and student lenders throughout the last year. We recognize that education is the foundation of a strong American workforce and we must not let challenges in our capital markets hinder our students' opportunities. Given these ongoing concerns, the Administration is taking a series of steps to support the student loan market.

Earlier this week, President George W. Bush signed H.R. 6889, the extension of the Ensuring Continued Access to Student Loans Act. We appreciate Congress providing the Department of Education, in coordination with the Treasury Department and the Office of Management and Budget, renewed temporary powers to use federal funds to ensure students and families continue to have access to student loans.

The loan purchase and participation interest programs implemented over the last few months have helped ensure that Federal student loans were available to students enrolling in postsecondary institutions for the 2008-2009 school year, and Federal student lending is exceeding last year's pace.

Our financing program has supported just over 40 percent of the Federal Family Education Loan Program (FFELP) loans that have been disbursed this year. Over 800 lenders have enrolled in our loan purchase program. Almost \$51 billion of federally guaranteed loans have been originated for the current school year, up from approximately \$45 billion for the same period last year.

Over the next few months, schools and lenders will be making decisions for the 2009-2010 school year. Using our newly extended authorities, the Administration is moving aggressively to support the continued availability of funding for federal student loans in the next school year with the goal of restoring the government guaranteed student loan market to normal operations. We are working on an expedited basis and will make further announcements in the coming weeks.

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FIND & PAY FOR COLLEGE

Ensuring Student Access to Federal Loans

November 2008

On October 7, 2008, President Bush signed a one-year extension of the Ensuring Continued Access to Student Loans Act (ECASLA-Pub. L. No. 110-350). As lenders are currently committing loan volume to schools now for the coming academic year, the Department of Education is taking immediate action under the extended ECASLA authority to ensure students and families have uninterrupted access to Federal student loans for the 2009-2010 school year and beyond. U.S. Secretary of Education Margaret Spellings announced the following goals for implementing the extension of authority:

- Ensure availability of Federal student loans for the 2009-10 school year;
- Maintain the public/private partnership in the Federal student loan program;
- Protect taxpayer interests by adding no net costs to the Federal Government; and
- Provide the liquidity and support needed to stabilize the student loan marketplace.

BUILDING ON EXPERIENCE AND SUCCESS

In May 2008, Secretary Spellings and U.S. Secretary of the Treasury Henry Paulson announced a four-part plan with the authority provided under ECASLA to improve the functioning of the student loan marketplace and provide liquidity and stability in the near term to ensure that all qualified students had access to Federally guaranteed loans for the 2008-2009 school year.

The programs have been tremendously successful in addressing the challenges of the current school year. Loan originations for the 2008-09 academic year are exceeding last year's pace. In the Federal Family Education Loan Program (FFELP), there have been \$41.8 billion in originations to date compared to \$39 billion at this time last year. In the Federal Direct Loan (DL) program, there have been \$17.9 billion in loans originated as compared to \$12 billion at this time last year.

Lenders are heavily utilizing the Department of Education's new participation interest and loan purchase programs. Nineteen lenders have been approved for the Purchase of Participation Interests program (PPI), in which the Department purchases a 100 percent interest in pools of loans held by a custodian, providing near-term liquidity to student lenders. Twelve of those lenders have made use of the program and have, to date, received \$8.7 billion in Department payments, which represents nearly 50 percent of current disbursements. Under the separate loan purchase program, nearly 800 lenders have signed documents indicating that they want the right, but not the obligation, to sell loans originated for the 2008-09 school year. To date, two lenders have sold \$62 million in loans to the Department. It is anticipated that four lenders will sell loans to the Department in November 2008 for a total of approximately \$350 million and that the number of loans sold will grow dramatically after January 2009 when lenders make their final disbursements on many student loans.

TAKING ACTION NOW TO ENSURE FUTURE LOAN ACCESS

With the current economic and liquidity uncertainty, some lenders are dropping out of the student loan market altogether. With more than \$65 billion in 2008-09 loans and approximately \$130 billion in eligible 2003-07 student loans on bank balance sheets and

auction rate securitizations, the capital markets are currently unable to generate adequate funds at prices that will ensure 2009-10 loans can be made.

As the current programs serve to reimburse lenders for making loans to students, they must obtain initial financing from private sources. However the continued tightening of the credit markets has created conditions making it difficult for lenders to secure the needed private capital. These factors have generated concern among lenders, schools, and students about the availability of funds for second disbursements in the 2008-09 academic year, as well as the availability of federally guaranteed loans for the 2009-10 academic year.

The Administration is committed to ensuring continued and timely access to Federal student loans for all eligible student and parent borrowers, which is why the Department of Education is taking additional action to immediately implement the extended ECASLA.

The Department of Education will replicate the PPI and loan purchase programs for academic year 2009-10 loans. The 2008-09 PPI and loan purchase programs will conclude as designed, and new programs will be launched to facilitate origination of 2009-2010 student loans. Terms and conditions of the 2009-2010 programs are anticipated to be largely consistent with the prior year's programs, though the Administration may need to refine the pricing and terms of these programs to ensure that these replicated programs result in no net cost to the federal government. For the loan purchase program, lenders will have the option to finalize the sale of a loan or loans to the Department as late as September 30, 2010. Thus a lender that completes the disbursement of a loan for the 2009-10 academic year can hold and service that loan until September 30, 2010. For the PPI, the Department will purchase participation interests in pools of loans made by lenders for the 2009-10 academic year. The Department will hold these participation interests up to September 30, 2010. All loans are originated and serviced as FFELP loans. Upon expiration, a trust may refinance the loans in the private financial market and pay off the Department's participation interest or sell the loans to the Department as described above.

The Administration intends to provide liquidity support to one or more conforming Asset-Backed Commercial Paper (ABCP) conduits. These conduits will purchase FFELP loans, providing longer-term stability to the guaranteed student loan marketplace. The Department intends to make all fully disbursed, non-consolidation FFELP loans awarded between October 1, 2003 and July 1, 2009 eligible for this program. An eligible lender trustee creates a pool called a conduit, to which other lenders transfer ownership of their student loans. This conduit issues commercial paper to sell, backed by the loans in the pool (Asset-Backed Commercial Paper). After private investors purchase the commercial paper (CP), student lenders would be paid out of the amounts received from these investors. The Department of Education will provide liquidity to the facility by entering into forward purchase commitments with these eligible lender trustees, whereby the Department promises to purchase, at a date in the future, eligible student loans at a prearranged price if the commercial paper that has been issued by the conduit cannot be re-issued or "rolled" at maturity and the conduit does not have sufficient cash to repay commercial paper investors.

Further, these programs will be cost neutral and in the best interest of the taxpayer, as required by law. To assure cost neutrality, different parameters may be placed on the terms for these programs. The Federal Register notice will include the final prices, terms, and conditions, as well as the Department's methodology for determining cost neutrality.

The Department has also taken the steps necessary to ensure the Lender-of-Last-Resort program is ready should it be needed. In addition, in recent months, the Department has expanded the capacity of the Direct Loan program.

FIND & PAY FOR COLLEGE

Continuing the Commitment to Students and their Families to Ensure Access to Student Loans

November 2008

U.S. Secretary of Education Margaret Spellings announced today that the Department would take further action to purchase Federal Family Education Loan Program (FFELP) loans to ensure students have continued access to Federal student loans. Secretary Spellings stressed that this action, like the Department's current activities, is consistent with the following goals:

Ensure availability of Federal student loans;

Maintain the public/private partnership in the Federal student loan program;

Protect taxpayer interests by adding no net costs to the Federal Government; and

Provide the liquidity and support needed to stabilize the student loan marketplace.

As part of the Ensuring Continued Access to Student Loans Act (ECASLA, Public Law 110-350) implementation, the Department of Education announced November 8, 2008, that it would provide liquidity support to one or more conforming Asset-Based Commercial Paper (ABCP) conduits. The conduits will purchase FFELP loans, providing longer term stability to the marketplace. The Department, in turn, will serve as a potential buyer of last resort or backstop to the conduit. In that announcement, the Department indicated that additional action may be necessary to ensure that students and families have access to FFELP loans.

In this regard, Secretary Spellings announced the Department of Education is taking the additional step of using existing authority to purchase certain 2007-2008 academic year FFELP loans. This is a short-term program designed to be a temporary mechanism to minimize disruption in student lending prior to the Asset Backed Commercial Paper conduit(s) becoming operational, or until February 28, 2009, whichever occurs first. The Department will purchase up to \$500 million in loans each week, up to an aggregate of \$6.5 billion during the time-period. While we believe the price and the types of eligible loans will not change, some other terms may need to be adjusted to ensure cost neutrality.

ENSURING FAIR AND EQUITABLE PURCHASES

The Department anticipates purchasing up to \$500 million in eligible loans each week, beginning in early December. The Department will specify a day and time-period for lenders to offer loans for purchase, and the Department will then sum the total of the offers. If the total of the original offers is equal to or less than the weekly \$500 million purchase amount, the Department will purchase the loans as offered by each lender. If the loans offered for sale by lenders exceed \$500 million, the Department will determine the amount that each lender will be eligible to receive from the weekly total, not to exceed the amount offered for sale by that particular lender. This will be done by an allocation mechanism that will be outlined in a Federal Register notice. This process is intended to ensure a fair and equitable distribution of purchases based on actual FFELP activity by each lender.

The Department will buy fully disbursed FFELP Subsidized Stafford, Unsubsidized Stafford, and PLUS loans originated for academic year 2007-2008. The loans must

have been first disbursed after May 1, 2007, for the loan period beginning on or including July 1, 2007, and must have been made to pay the costs of attendance at a postsecondary institution during the 2007-2008 academic year. FFELP consolidation loans are not eligible to be purchased by the Department under ECASLA. Loans may not be 210 or more days delinquent. Finally, at the time of purchase by the Department, a loan must be free and clear of any encumbrance, lien or security interest or any other prior commitment.

Included in this program are loans with certain borrower benefits; however, the benefits will be limited to those that can be implemented by Federal Student Aid's current servicing processes. A complete description of supported benefits will be included in the forthcoming Federal Register notice announcing this program. Consistent with the law's provision that there be no net cost to the taxpayer. The Department will not purchase loans if a cash rebate, item or product was promised to the borrower.

The Department will purchase loans at 97 percent of the principal and unpaid interest coincidental with the standard guaranty rate for these loans. Upon purchase, the loans become Federal assets and will be serviced by the Department's servicer as a FFELP loan. As a condition of participation in this extension of the purchase program, a lender must continue to originate new loans and participate in the FFELP. Additional terms and conditions will be included in the above-referenced Federal Register announcement.

November 29, 2006

Secretary Spellings convenes a forum on college accreditation as part of her the Secretary's Plan for Higher Education. Participants discussed ways to accomplish the Plan's recommendation that student outcomes and achievement should be the core requirement for accreditation.

<http://www.ed.gov/news/pressreleases/2006/11/11292006.html>